

4/1/3/1

01-Sep-15

2015/16 IDP Review Public Meetings Executive Summary

Notifications to residents regarding the 2016/17 IDP Review public meetings was as follow:

1. Local newspaper advertisements dated 06 August 2015.
3. Saldanha Bay Express quarterly newsletter.
4. Post on facebook.
5. Advertisement on municipal website.
6. Link sent to all those whom receive their municipal accounts electronically.

Delays were experienced with the distribution of the July 2014 municipal accounts on 25 July 2014.

Attendance at the scheduled public meetings were as follow:

DATE	WARD/AREA	WARD	TIME	VENUE	# of Councillors	# of Ward Committee	# of Officials	# of Public
17-Aug-15	Middelpos	1	18h00	Middelpos Hall	5	9	5	117
24-Aug-15	Witteklip	2	18h00	Witteklip Hall	5	8	3	42
26-Aug-15	White City	3	18H00	Berseba Church	3	9	3	16
20-Aug-15	Diazville	4	19h00	Diazville Hall	4	7	7	73
25-Aug-15	Saldanha, Blue Water Bay & Jacob's Bay	5	18H00	Dial Rock Hall	1	6	4	9
24-Aug-15	Langebaan	6	18H00	Langebaan Hall	4	9	5	25
18-Aug-15	Hopefield	7	19h00	Hopefield Hall	4	8	5	26
13-Aug-15	Vredenburg North	8	18H00	Skilpad Hall	7	6	4	9
19-Aug-15	Green Village	8	18H00	Green Village Hall	2	3	3	28
26-Aug-15	Ongegund	9	18H00	Ongegund Hall	4	7	3	33
11-Aug-15	Louwville /Vredenburg South	10	18h00	Louwville Hall	6	10	3	23
25-Aug-15	St. Helena Bay	11	18H00	St. helena Bay Hall	2	3	3	5
19-Aug-15	Paternoster	11	18H00	Paternoster Hall	3	4	4	18
20-Aug-15	Laingville	12	18H00	Laingville Hall	3	5	2	47
12-Aug-15	ISCOR / Louwville	13	18H00	Louwville Hall	7	9	3	33

General observation through the perceived understanding of IDP review processes:

1. IDP and Budget deemed as isolated processes.
2. Various maintenance related matters been raised.
3. Master plan inputs such as status of new and/or upgrading/maintaining of current infrastructure not communicated.
4. Various inputs regarding the cleanliness and general maintenance of area's.
5. Surface projects commencing without the analysis of underground infrastructure capacity.

Comparative table between approved Municipal delivery activity and Budget

WARD	WARD/AREA	2012-2013			2013-2014			2014-2015			2015-2016		
		# of iMAP deliverable	# of Budget	# of Linkages	# of iMAP deliverable	# of Budget	# of Linkages	# of iMAP deliverable	# of Budget	# of Linkages	# of iMAP deliverable	# of Budget	# of Linkages
1	Middelpos/Diazville West	6	15	6	10	10	8	10	53	5	25	34	14
2	Witteklip	2	2	2	1	7	1	1	6	1	9	8	8
3	White City	8	12	8	16	20	11	5	17	3	28	16	15
4	Diazville	12	16	8	15	44	9	4	30	4	33	20	10
5	Saldanha, Blue Water Bay & Jacob's Bay	17	28	15	21	56	20	19	68	13	41	54	20
6	Langebaan	67	40	35	15	65	12	20	50	10	67	51	31
7	Hopefield	22	31	22	18	43	13	12	28	6	49	19	21
8	Vredenburg North / Green Village	13	20	13	9	25	9	10	47	5	31	30	11
9	Ongegund	3	12	2	5	13	5	5	11	1	9	8	5
10	Louwville /Vredenburg South	17	38	16	6	23	6	4	31	1	37	16	10
11	St. Helena Bay / Paternoster	19	51	18	21	39	16	19	54	6	70	35	32
12	Laingville	9	16	8	7	26	6	5	25	4	29	22	21
13	ISCOR / Louwville	10	8	6	6	12	5	10	10	3	27	10	7

* NOTE THAT THIS IS ONLY A COMPARATIVE TABLE

WARD	WARD/AREA	2012-2013			2013-2014			2014-2015			2015-2016		
		Original budget	Adjustment budget	Year-to-date actual	Original budget	Adjustment budget	Year-to-date actual	Original budget	Adjustment budget	Year-to-date actual	Original budget	Adjustment budget	Year-to-date actual
1	Middelpos/Diazville West		8 960 190	3 266 823	5 750 000	4 450 740	1 509 729	17 848 500	18 549 189	2 748 492	4 789 500	7 708 874	956 478
2	Witteklip		2 020 352	1 948 236	175 600	2 208 530	1 877 231	1 200 000	1 306 754	163 460	2 515 000	2 515 000	168 144
3	White City		2 577 402	2 335 063	7 590 000	4 178 786	2 385 393	9 963 429	11 076 567	451 079	19 502 427	20 221 528	1 665 924
4	Diazville		6 982 174	4 908 519	10 226 600	24 953 437	14 307 025	8 530 000	20 268 509		7 308 000	9 043 135	744 029
5	Saldanha, Blue Water Bay & Jacob's Bay		19 253 859	13 067 798	18 480 450	18 018 361	13 243 170	36 333 979	40 923 519	2 719 104	34 239 327	35 577 312	2 218 774
6	Langebaan		13 311 314	9 105 333	11 850 818	16 334 656	11 579 604	13 054 900	17 705 085	434 678	32 323 086	34 378 289	1 447 819
7	Hopefield		7 440 513	5 718 736	5 529 260	10 522 199	6 854 184	5 466 000	8 959 704	314 890	9 470 000	10 044 967	1 093 783
8	Vredenburg North / Green Village		4 564 113	2 906 500	4 644 000	5 048 784	3 100 672	10 128 000	13 696 553	1 050 304	12 169 000	12 984 107	516 204
9	Ongegund		17 006 091	14 071 722	13 229 018	17 668 971	16 184 928	4 195 000	4 205 072	92 054	1 874 000	2 250 721	-
10	Louwville /Vredenburg South		19 053 292	10 439 534	16 042 654	17 828 787	13 212 068	20 393 799	24 614 847	328 656	10 755 798	11 884 062	1 867 883
11	St. Helena Bay / Paternoster		20 750 803	16 637 628	11 969 500	11 435 771	10 487 015	16 698 557	20 504 317	319 320	10 783 027	13 637 844	1 287 288
12	Laingville		4 858 709	4 284 495	6 131 000	6 039 410	5 133 741	9 474 500	6 801 475	398 475	10 355 060	9 257 820	154 950
13	ISCOR / Louwville		2 966 160	2 581 925	750 000	2 571 243	1 794 985	7 450 000	8 006 262	-	6 780 000	8 572 942	304 061

Total number of inputs received for consideration

WARD	WARD/AREA	INPUTS	WARD	WARD/ AREA	INPUTS
1	Middelpos	11	8	Vredenburg North	11
1	Diazville West	0	8	Green Village	6
2	Witteklip	7	9	Ongegund	0
3	White City	12	10	Louwville /Vredenburg South	11
4	Diazville	13	11	St. Helena Bay	11
5	Saldanha, Blue Water Bay & Jacob's Bay	4	11	Paternoster	7
6	Langebaan	12	12	Laingville	18
7	Hopefield	6	13	ISCOR / Louwville	5

Nr	Input
Ward 1 - middelpos 2014	
1	Phase 3 houses to be build
2	Upgrading of Creche
3	Urgent need for a school
4	Sporting field and facilities are required
5	Clinic to service the increased residents within the ward
6	Lightning of dark spots and farms/open areas adjacent to existing houses
7	Infrastructure (water & electricity) for Joe Slovo Informal Settlement
8	Stormwater drains at Middelpos
9	Netball Court
10	Equipment for Indigent games
11	Multi purpose centre with indoor sport facilities with provincial departments offices
12	youth desk in every ward with youth programmes for the year
	Upgrading / expansion of swimming pool at holiday resort
	Upgrading of swimming pool at holiday resort
2015	
13	Need for houses
14	Infrastructure (water & electricity) for Joe Slovo Informal Settlement
15	Paving of sidewalks
16	Old Age Home
17	Develop a play park at open space near High school Don / Pluto Street
18	Need for sidewalk paving, Speed humps & Play park at Behr Crescent
19	Speed hump at Silver Klipper Street
20	Speed hump at 8954 Middelpos Rylaan
21	Sidewalk paving (Perlemon, Arries, Herlille, Restlesswave, Kentucky, Behr Crescent, Skipper, Zola, Peter Mokaba & Govan Mbeki Street)
22	Roads that needs to be tarred Doloriet, Diamond, Perel, Steenkool Streets)
23	Status of emerging housing site. When will this be done.
24	Our Church is located in Kentucky Street 34 the new development area between Middelpos and Diazville. We held prayer meetings and youth gatherings during
Ward 2 2014	
1	Reseal of roads - Adelaar, Sweempie, Troupant, Gans Kwartel
2	Reseal of roads - Dobbertjie, Elsie, Gellwoud, Hadeba, Lepelaar, Lewerik, Melba, Mossie, Tiptol, Tinker, Eend, Volstruis, Uil, Appies, Berghaan, Bowers, Bloueier
3	Need for creche opposite Witteklip Hall
4	need for another Netball court
5	cleaning public open spaces to use it for soccer / rugby practice fields
6	need for playparks
2015	
7	Need for Housing
8	Need for Housing
9	Need to develop open so that people can play / practice sport on it
10	Trench need to be closed at railway line
11	Speed Humps at Melba & Makou streets
12	Need for After Care Services
13	Multi Purpose Centre
Ward 3 2014	
1	Free SMS line for citizens
2	Opening of offices on saturdays
3	Debt recovery 70/30 to 60/40
4	Capable officials to help public
5	Visible Policing & Neighbourhood watch
6	Need for GAP housing
7	Waiting room at Clinic
8	More staff at clinic
9	need to engage with school to use sport facilities
10	funding for youth programmes
11	discount on rates & taxes for schools, creche's & churches
12	entrance of Stokvis & Karpstreet
13	beautifying of entrance
14	Multi Purpose Centre
15	Foot path to town Geelbek to Amsterdam
16	resealing of Da Gama
17	paving of sidewalks Karp & Harring
18	high mast lightning
19	paving - Vlinder, Tuna, Penquin, Dolfyn & Glen Mist street
20	Spot lights St. Andrews Sports field
21	Spectator stands St. Andrews
22	changing / Ablution facilities St. Andrews
23	Housing project next to informal settlement
24	labour Brokers- low wages problematic
25	Reseal of Burton Port
26	Paving church street (Diaz to Windhoek)
27	paving stokvis, red, maasbanker & walvis streets
28	paving Silverman, Oberon & church streets
29	Paving trichard & Burton Port
30	30 Units MV LV Connections
31	high mast lightning
32	general request
2015	

Nr	Input
33	Perimeter fencing at Saldanha cultural village
34	Building of kitchen facility for the Saldanha cultural village
35	Expanding of "stoep" area for outside tea Cultural Village
36	Expanding of garage as extension for memorabilia display area
37	Building of park in Kyamandi
38	Floodlights at school for sports purposes
39	At least 16 wooden stands to be placed on sports school ground
40	Building of cloakrooms at school sports grounds
41	Building of ablution facilities at school sports grounds
42	Upgrading of the old cemetery
43	Upgrading of the schuter hall to accommodate elderly and other type of functions
44	Paving of Vlinder, Stokvis Tuna Streets sidewalks, Church street from Windhoek until Bergstreet, Van Riebeeck fro Windhoek until Bergstreet, Meresteyn street from Windhoek until Bergstreet, Dolfyn street from Geelbek until Makriel,
45	Reseal of Schuter street from Glen Mist until corner of Geelbek street
46	Reseal of Diaz Road sidewalk from Civic (corner of Diaz road & Goodhope street) until Usave (Corner of Diaz Road & Saldanha Road) only 1 side
47	Traffic Calming: pedestrian crossing at 4 way stop at the corner of Saldanha road / Burton Port / Diaz road
48	Robots at at 4 way stop at the corner of Saldanha road / Burton Port / Diaz road
49	4 way stops signs at the (corner of Geelbek / Van Riebeeck & Diaz Road), (corner of Witstompneus / Boundary & Diaz Road), (Corner of Windhoek & Church streets)
50	Safety measurements at the grave yard , need to make walls higher
51	Fencing of transfer station
52	need for land to built a Creche and library
53	Better services for patients at clinics before it opens
Ward 4 2014	
1	Develop park corner of B. February & A Julies streetrs
2	Develop park next to Hopland Creche
3	Upgrading of sports grounds
4	Building of stone wall at RDP area
5	Speed humps
6	Upgrading of sewerage system RDP
7	Geysers for RDP houses
2015	
8	Pedestrian bridge across Diaz Road for school kids safety
9	Speed humps in Engen, Cottager, Good Hope, Kok, bowline, Spinner & Whipping (raised 4 way stop streets), old RDP area streets
10	Extra room for RDP houses / 2 room houses
11	Bus shelter at Good Hope street
12	Bathrooms for all houses with out one
13	Multi purpose at RDP area (No 1)
14	Side walk paving of Kok, Moonstone, Barber, Orion streets
15	Upgrading of Bus shelter at Diaz road
16	Beehives
17	Reseal of Sardine street
18	High mast lightning at the back of Hopland Crèche & between church and
19	Need for a shelter for homeless people
20	Need for a Crèche / After care
Ward 5 2014	
1	Paving of sidewalks
2	technical High school
3	Speed Humps
4	Benches for parks
5	stop sign at corner of Lisboa & Pescadore streets
6	store facility at Beach Club
7	resealing of roads
8	drums in Camp street
9	regravel of road between Amy & Camp street
10	repaired concrete steps in Camp street
11	traffic calming between school
12	stromwater outlet in pelican street too short
13	change of 2nd Lane into a 2 way road
14	Sewerage plant jacob's Bay
15	concrete curbs at coners
16	traffic calming at 4 way stops
17	regurlarly grading of gravel road
18	paving of tourist outlook
19	rate & taxes are too high
20	Upgrading of Library
2015	
21	Upgrading of Main Road
22	2 Bus shelters at Jacob's bay
23	Possible tourist attractions (gravel road) 11 Avenue
24	Faulty street lights
25	Upgrading of Scepter street & stormwater system
26	Upgrading of Kalkrug reservior (fencing and gates)
27	How can schools be accommodated with reduced tariffs?
28	We have noticed with concern that the funds allocated for Jacobs bay sewage have disappeared from the Draft Budget for 2015/2016, and following years. Please provide reasons for this sorry state of affairs. The sewage problem is on-going since 2006 and very little if any progress has been made. Property rates in Jacobs bay amount to R4.8 million per year.

Nr	Input
29	Dear Sir/Madam – The quality of the water going into the Bok River from the Saldanha Sewerage works is very poor and contains both e-coli and faecal coli as can be seen from the attached document.
30	The Bok River flows into small bay near the Blue Bay Lodge and Blue Water Bay residential area
31	In the interests of the many people in the ward 5 area who use the beach the upgrading of the Sewerage works and thereby stopping the flow of e-coli and faecal coli is very important.
32	Please therefore consider budgeting funds for this purpose
	Hulp Aan Weskus Skool:
	Elektries
33	Need help to get cost effective bulbs
34	request to install water meters on school to determine how much water each hostel are using and to determine leakages
35	Need for Sludge from sewerage to use on fields
36	Die skool se terreinoppervlakte, teerblaai is vining besig om agteruit te gaan. Het u nie dalk kundige mense wat ons werkers kan oplei in die aanvaarding van 'n seellaag om die klipies weer te bind nie.
37	Die feit dat ons skole geen brandkrane of brandslange het nie, is 'n groot bekommernis. As ons net 'n verslag oor die noodsaaklikheid hiervan van u kan bekom het ons iets mee om Onderwys departement toe te gaan.
Ward 6	2014
1	Indoor & outdoor sports facility
2	Bus shelters for-school kids
3	Youth development training
4	Speed humps at specific locations
5	Recreational park Sea View park
6	Beehives Sea View Park
7	Taxi Rank
8	Arts & Craft business hub - Se view park
9	Low cost housing
10	Ambulance services
11	Upgrading of stormwater system
12	Disabled friendly entrances at shops
13	Community gardens Thusong centre
14	Paving of sidewalks
15	Dog pound
16	Permanent traffic officer
17	Swimming pool
18	Resealing of roads
19	Traffic circle or high paved raised stop streets
20	Curbs both side of Oostewal Street with bicycle lane
21	Paved pedestrian crossing Oostewal street
22	Paved parking opposite Spar
23	Paved parking at the corner of Oostewal & Breestreet with stormwater draining
24	Marked disabled friendly parking
25	Marked parking for motorcycles
26	Streetlights design
27	Stormwater system at the south side of Uitsig street
28	Closing of Uitsig street for traffic and making use of it only to enter properties
29	Designing and implementing of a park / parking corridor at Enderstein street
30	Buffer system to prevent sewerage spilling
31	Upgrading of telematic system pump stations
32	Providing of sewerage pump reserve
33	Recycling initiatives
34	Street name indicators
35	Finalising of Langebaan Spatial Framework
36	Internet connection and free WiFi at library
37	Cleaning and maintain of Langebaan water reservoirs on a yearly basis
38	Development of Enderstein street as recreation park / parking
39	Wild life corridors
40	Wild life education centre facility
41	Fencing of park area to curb burglars
	2015
42	Bree street requires upgrading - centre of town and Windtown hotel broke it and did not replace/repair
43	Information boards to be placed to give direction land mark areas
44	New sports ground to be developed
45	
46	Community garden - lots of private persons interested in assisting
47	Housing to receive attention - D Joubert commented about the human settlement plan which will be taken through the public participation process
48	Two streets in long acres not tarred - required to be done urgently
49	Resurfacing of roads / potholes
50	Upgrading of community hall / kitchen
51	Environment management plan to be shared and discussed to what extent has provision been made for the rehabilitation work that must be done
52	Traffic management plan for calming of roads users must be done for the whole Langebaan area
53	Resealing of roads
54	develop of an path way from Oosterwal, next to Jan Oelofson Streets until the waterfront. From there along the beach until Bree Street
	2015
55	Redesign and implimenenting of of design of Bree street
56	Redesign and implimenenting of of design of Alabama street
57	Reseal of Babiana, Harpuisbos, Tern, Strand (Long Acres) streets
58	Need for an shredder for garden refuge and a rock breaker at the landfill site
59	Upgrading of Sleigh street (wes einder) Article 18 (1) (Intergrated Coastal Management Act No 28 of 2008)

Nr	Input
60	Upgrading of Strandloper coast entrance in terms of Article 18 (1) (Intergrated Coastal Management Act No 28 of 2008)
61	Ablution facilities at parking north of Paradise Beach
62	Sewerage and stormwater retention dams
63	Upgrading resurface of Wanderers street, Canary close, Puffin and Petrel Streets
64	Upgrading of Epsom & Summerveldt roads
Ward 7	2014
1	Bus shelter at Koperfontein
2	Upgrading church street
3	Fencing at waste transfer station
4	Upgrading & fencing "skietbaan"
5	Require "Perdekar" Museum for tourism
6	Upgrading of Popalier street
7	paving of Voortrekker road road reserves
8	Paving of parking area old sports complex
9	High mast light between Voortrekker & Oudekraal
10	Connection of Tuinstreet onto sewerage system
11	Upgrading and extention of facilities at sports field
12	Upgrading of sewerage system church street
13	Youth programmes
14	braai & recreational facilities at Oak street
15	Need for a safe house
	2015
16	Upgrading of Propeller Street
17	need for a swimming pool
18	need for a bigger Police station
19	Paving of sidewalks in White City (RDP area)
20	Upgrading of Clubhouse at sport field
21	Speed humps at Dwarsweg
Ward 8 - vredenburgh	2014
1	Additional toilet facilities required at the Vredenburg sport grounds
2	Underground infrastructure require upgrading
3	Establishment of a mobile clinic
4	Rates and taxes for NGO, Old age homes, schools and creches
5	Develop and surfacing of rugby & cricket fields
6	Caretaker and security measures to look after sports fields
	2015
7	"Sigwater" problem in Leyden street needs to get attention
8	Paving of sidewalks Main road west and speed cameras
9	high mast light at Leyden street
10	need for more ablution facilities on sports field
11	need for extra rugby / practice fields
12	develop of play park for kids in Leyden / Zebra / Nassau street
13	development of splash parks in Zebra / Nassua street
14	need for a bus stop / bus shelter for people of Paternoster at the hike spot
15	Speed humps at Lochner,
16	resurface of tar roads
17	Paving of sidewalk Akkerdyk Street
Ward 8 - green village	2014
1	Upgrading of Community Hall
2	Upgrading of stormwater system
3	Fencing of all stormwater areas
4	Sport complex (possibly school) facilities also
5	More employment opportunities
6	Parks with play equipment at strategic places
7	Bus shelters
8	Curtosy bus to transport the sick, disabled & elderly (tariff book)
9	Mobile clinic
10	Houses to accommodate elderly and backyard dwellers
	2015
11	Paving and beautifying of community hall premises
12	Preference must be given to persons of Green village to purchase available plots - possible inclusion of housing project
13	Clarity must be provided where the sports ground will be - if to be developed additional funding must be secured for the sports ground - alternatively the funds must be used to build a multi purpose centre
14	Speed humps in xxx street
15	Courtesy bus require attention
16	Consideration of land to establish a food garden
Ward 9	2014
1	Houses to be built to accommodate the increase demand
2	need to train people as fire figthers
3	youth development
4	LED facilities and/or business facilities
5	Training of persons within the area to be first respondents to structural fires
3	Youth development structure to be considered to arrange for youth activities/requirements
Ward 10	2014
1	Reseal of streets

Nr	Input
2	Lightning at all dark spots
3	High mast light next to Library
4	Investigation regarding water network and drainage
5	Water tanks at househods
6	Housing infill especially for the elderly
7	Disabled friendly sidewalks/curbs
8	Curbs at house driveways must be lowered
9	Consider sports field at Oxford crescent if not suitable for something else
10	Speed humps Witteklip, Valk, Berg & Kraanvoel street
11	Geysers for Louwville
12	Walk way to and from Library and/or college or over Saldanha weg
13	Paving Stinkhout, Mercurius, Kerk, Vink, Valk, Bergsig, Malgas, Kraanvoel, Lang & Hospital Street
14	Upgrading of park in Kerk/Witteklip street and in Mercurius street
15	development of area around new reservior - Van Linschoten street
16	Development of dam opposite Huis Wittekuin
17	Paving of Boswewer street at the back of panorama Primary
18	lightning at the corner of Tarentaal & Vink street
2015	
19	Speed humps (2) Abdol Street
20	Geysers & Water tanks at every home
21	Housing at Oxford Crescent
22	paving in 6th street at crossing of Solomon Williams Street
23	Paving at Kort & Dwars street
24	Speed humps st Fairban Street upper part
25	Speed hump at Kraanvoël street near the turn
26	develop of a park at open space in Smit & Swart street
27	Paving & Speed humps at Kraai Street
28	Need for toilets/bathrooms in all the houses
29	Cracks in houses of Vink street because of train / Lafarge need to be rectify
Ward 11 - st Helena bay	
2014	
1	Pedestrian Crossing and Traffic signs - St. Helena Road
2	Tar of Mercury street & buying of it
3	Street lights in Britannia Bay
4	Reseal of roads Stompneus Bay
5	need for a ticketing system
6	need for houses
7	need for a community hall in stompneus bay
8	traffic signs in streets Steenberg's Cove & Stompneus Bay
9	mobile Clinic Steenberg's Cove & Stompneus bay
10	need to engage with HP Williams primary so that the community and EJ Malgarte primary can make use of their sports fields
11	Sport fields in Steenbergs Cove
12	street lights in Steenberg's Cove
13	old houses roofs still leaking after municipality repair it
2015	
14	Grass, benches and wooden sidewalks to beach
15	Library for the Laingville area
16	Ablution facilities along the Steenberg Cove and Britannia Bay beach areas
17	Pole bins and trees along beach area. Notice boards
18	Board walk for Britannia Bay
19	Streetlights for Britannia Bay
20	Streetlights along main road from Laingville to Stompneus Bay
21	Bus shelter at the taxi points (shopping complex and harbour entrance)
22	Speedhumps and pedestrian crossing at HP
23	Infrastructure for Mercury street
24	Skateboard course for youth to be involved in activities
Ward 11 - paternoster	
2014	
1	need for a Police station
2	No stormwater infrastructure RDP area
3	need for Spot lights rugby field
4	paving of parking at community Hall
5	reseal of roads -Kriedoring, Koewibos, Sonkwass, St. Augustine, Kreeftegang, Strandloper, Malgas, Soldaatklip, Jacobsklip, Visvangers, Stormvoel, Madeliefie, Schoennersklip, Ambyl, Waggelklip
6	upgrading of stormwater system
7	improvement of accoustic of hall
8	pavilion at rugby field
9	Multi purpose netball / basketball / volleyball court
10	Scale facilities for fishers
11	toilets at strategic places on beach
12	need for waste bins near beach
13	Paving of sidewalks at Thorn, Jordaan, Ismore, Pharo, Progress, Pieters, Luina, Sampson, Angelier, Aandblom, Dahlia street
14	roof of Fish Market to be repiar
2015	
15	Skateboard Park
16	Land for Food gardens
17	Reseal of roads Seemeeu Single
18	paving of sidewalks - Mosselbank street
19	Council need to buy land for lower cost housing from private land owners
20	Open space next to Hall / in front of Crèche needs to be developed as a Play Park

Nr	Input
21	Speed humps Main Road at shop (entrance from Vredenburg)
22	Need for a Fire hydrant at 4way stop near Oep ve Koep (mosselbank)
23	need for a Police station
24	No storm water infrastructure RDP area
25	need for Spot lights rugby field
26	paving of parking at community Hall
27	repair / reinstall street names
28	upgrading of storm water system
29	improvement of acoustic of hall
30	Additional funding for ensuring a compatible Paternoster character of the new RDP houses at the entrance to our town
31	Multi purpose netball / basketball / volleyball court / computer literacy / Wood work, etc.
32	Scale facilities for fishers
33	toilets at strategic places on beach
34	need for waste bins near beach
35	Paving of sidewalks at Thorn, Jordaan, Ismore, Pharo, Progress, Pieters, Luina, Sampson, Angelier, Aandblom, Dahlia street
36	roof of Fish Market to be repair
37	need for small pieces of land for vegetable gardens
38	notices on beach prohibiting vehicles (except for fishermen with permits)
39	repair/ reinstall street names
40	reseal streets
41	additional funding for ensuring a compatible Paternoster character of the new Hopland houses at the entrance to our town
42	improve lighting at the rugby field
43	pavillion on sports grounds
44	other facilities such as a skate board surface in Kliprug and Hopland and a multi-purpose netball-/basketball-/volleyball court
45	Scale facilities
46	toilettes at acceptable positions on the main beach
Ward 12	2014
1	Community Hall in RDP area
2	Shelter at clinic
3	Nurses at clinic (who are able to speak Xhosa)
4	Another school for the area
5	Land to be made available for church use
6	Subsurface drainage (Plot 2300)
7	Houses need to be build
8	Land for emergency housing requirement
9	Toilet facilities and general surface upgrading at the cemetry
10	Satelite firestation
11	speed humps in Bontblok
12	upgrading of trench at the back of Creche, school, clinic and library
13	need for a Safehouse / Rehabilitation centre / old age home
14	high mast lightning New Rest at Fransman lane, at park at in Old RDP Area
15	Upgrading of sportsfield
16	netball field not on standard can not play league games on it
	2015
17	Upgrading of Samaai, Cloete & Abdol streets
18	Upgrading of play parks - bootblack & school
19	Gate at the cemetery
20	Speed bumps and paving
21	Church land needed
22	Extension of current community hall and building of another community hall
23	Shelter at clinic (also a Xhosa speaking person whom can assist)
24	Bus shelters - main road
25	Spectator stands for sports ground
26	Upgrading of "sloot"
27	Spectator shelter at sports ground
28	Identification and resurfacing of internal roads
29	Paving of all streets
30	Police station is required in Laingville
31	Additional toilets is required at the sport grounds
32	Storm water study and drainage management plan to be developed
33	Satellite fire station for Laingville
34	Land provision for establishment of commercial land
Ward 13	2014
1	Central police station
2	Community hall between YSKOR & Selfbou
3	Lightning 7th Lane
4	Bus shelters in Kooitjieskloof street for school kids - Jurie Huys
5	Speed hump - use as pedestrian crossing
6	Housing rectification required urgently
7	Housing to be prioritised
8	Upgrading of stormwater system
9	High mast lights
10	paving of sidewalks - Watsonia, Maraboe, Fieskaal, Swawel, Kwikie, Petrus meyer, Arendse, Straat No1, Akasie, Viola, Duif, 7de Laan, & Reseal
11	Speedhumps - Piet My Vrou, Watsoniastreet
12	Reseal of watsonia street
13	Beautifying of Southern Bypass area under trees - picnic / braai area

Nr	Input
	2015
14	develop open are to a Play park for kids (Westeria Street)
15	Speed hump, High Mast light at Seemeeu / Kanarie Street
16	Palisade fencing at Weston High
17	Need for a Streetlight at the corner of Petrus Meyer & Kooitjieskloof Streets
18	A community member suggest that the parking opposite the Hall be extended to the end of the street (end of the Hall fence) and the park be upgraded with play equipment, high mast lights with banks & tables and grass with irrigation. He also suggested that the pathway between parking and hall be closed

ANNEXURE 1: SALDANHA BAY LONG TERM FINANCIAL PLAN FOR INCORPORATION INTO THE INTEGRATED DEVELOPMENT PLAN

1. Approach Followed in the Preparation of this Financial Plan

With this plan the Municipality will be striving for sound financial management and -viability. The time horizon of the plan is 10 years and the plan consists of a number of strategies to achieve the desired sustainability outcome within this period. The long planning horizon increases the future uncertainties, which calls for a number of scenarios that were explored. This plan is not a detailed budget, but informs the MTREF budgets of the future, and will be updated annually.

2. Goals and Objectives of the Financial Plan

The overall goal of the financial plan is to ensure financial sustainability within the constraints of the available resources. The objectives that will be pursued to achieve this goal are:

- Ensure transparency and accountability
- Maintain liquidity within acceptable norms
- Manage revenue, expenditure, assets and liabilities in a responsible manner
- Set appropriate tariffs
- Effectively manage the supply chain
- Use appropriate technology to eliminate inefficiencies
- Effectively manage cash flow
- Implement effective credit control and debt collection processes
- Seek alternative sources of funding
- Maintain external gearing at responsible levels
- Ensure compliance with the prescripts governing the local government sphere
- Provide excellent and responsive services

3. Financial Framework

The Municipality will implement its Financial Plan within the following framework:

3.1. Revenue Adequacy and Certainty

To carry out its functions the Municipality needs to generate adequate sources of revenue from its own operations and intergovernmental transfers. It is furthermore necessary that there is a reasonable degree of certainty with regard to the source, amount and timing of revenue. The DORA provides an indication of the level of transfers that the Municipality can expect from National Government. Revenue forecasts require regular reviews in the light of population

growth rates, especially of indigents, that have exceeded economic growth rates in the recent past.

This plan is based on the premise that the Municipality's own revenues are a function of the economic activity (as expressed by the Gross Value Add – "GVA") and the population of the region, i.e.

$$\text{Municipal Revenue} = f(\text{GVA, Population})$$

The Municipality's efforts in promoting economic development and increasing the number of households that can afford and pay for services is therefore paramount in safeguarding and increasing revenues. The predicted Revenues are premised on the implementation of the IDZ.

3.2. Liquidity position

Cash and cash management is vital for the financial sustainability and good management of the Municipality. In addition to holding a sufficient liquidity reserve to cover working capital and all regulatory provisions, the Municipality will strive towards achieving at least:

- The current ratio, which expresses the current assets as a proportion to current liabilities. A current ratio in excess of two to one (2:1) is considered to be very healthy.
- The debtor's turnover ratio, has a great impact on the liquidity of the Municipality. The acceptable norm is 45 days.
- The collection rate determines if the Municipality remains a going concern. The minimum benchmark collection rate is 95%.

The operating budget needs to produce yearly operating surpluses to improve the cash backed reserves position and all collectable revenue needs to be collected to reduce provisions for bad debt impairment.

3.3. Sustainability

The Municipality will ensure that its operating budget is balanced and cash-funded, i.e. it will only allocate realistically collected revenue towards budgeted expenditure.

Services will be provided at affordable service levels and the full costs of service delivery will be recovered. However, to ensure that poor households have access to basic services; these households will be subsidised through an indigent support subsidy.

The operating budget will be prepared to generate reasonable and sustainable cash surpluses to assist with the funding of a Capital Replacement Reserve ("CRR") to finance capex in future. The Municipality aims to increase its contribution towards the cash backed CRR during the planning period.

The Municipality will endeavour that Net Financial Liabilities (total liabilities less current assets) as a percentage of Total Operating Revenue (capital items excluded) will be below acceptable target levels to ensure long-term financial sustainability.

3.4. Effective and Efficient Use of Resources

Limited resources require constant improvement in the effectiveness of the Municipality's performance and efficiency in how its functions are performed. To achieve this, the operating budget will be compiled on a zero base budget approach to eliminate any undue fat being built into a budget when an incremental approach is applied.

3.5. Accountability, Transparency and Good Governance

The Municipality is accountable to the people who provide the resources, for what they do with these resources. The planning and budgeting process is therefore open to public participation and scrutiny. Accurate financial information will be produced within acceptable time-frames. In addition, the accounting and financial reporting procedures will minimise opportunities for corruption.

3.6. Equity and Redistribution

The Municipality will treat people fairly and justly when it comes to the provision of services. The "equitable share" from national government will be used to provide basic services for targeted indigent households. The abuse of this system by households who can afford to pay for their services will be dealt with harshly by the Municipality.

Unfunded mandates remain a financial burden to the rate payers of the Municipality but will be performed from own resources where possible.

3.7. Development and Investment

Beyond holding cash backed reserves (viz. Liquidity Reserve and Capital Replacement Reserve) in low risk investments, the Municipality will invest surplus cash in infrastructure in an attempt to eradicate backlogs. Due to the Municipality's limited resources it will encourage private sector investment in infrastructure.

3.8. Macro-Economic Investment

The Municipality is cognisant of the importance of economic growth to sustain its operations and will support national and provincial fiscal policy in this regard.

3.9. Borrowing

The Municipality will only access external borrowings for purposes of funding capital expenditure and preferably for revenue generating assets. It will not borrow to balance its operating budget and to finance any operating expenditure.

The Municipality will ensure that its external gearing is within acceptable levels. A 25% gearing level will be targeted as the upper limit.

In order to have access to the capital markets, the Municipality will produce accurate financial accounts and ensure that the perceived Credit Rating improves for it to obtain loans at reduced interest rates.

4. Financial Strategies

The strategies proposed are based on the outcome of independent historic financial assessments, input from Executive Management of the Municipality and the IPM Capital Investment Model. The strategies are classified into six categories. The categories are:

- Organisational Strategies
- Planning Strategies
- Revenue Raising Strategies
- Cost Saving Strategies
- Financial Management Strategies
- Asset Management Strategies
- Capital Financing Strategies
- Operational Financing Strategies
- Financial Management Policies

The strategies will be allocated to staff to implement as part of their key performance measures and the Municipal Manager will oversee this cross cutting “Project”. Due to changing circumstances the plan will be updated annually to inform the new budgets.

A focused and pro-active management approach, with a strategic outlook is required to ensure future financial sustainability of the Municipality.

4.1. ORGANISATIONAL STRATEGIES

The Municipality will maintain an effective and efficient organisation and promote productivity of all its resources. Very specific strategies to be pursued include:

4.1.1. Implement an Organisation Restructuring Study

Historic events contributed to structural changes in the organisation. Although it is acknowledged that these events gave rise to the need for intervention, the changes that were made are not necessarily viewed as efficient. It is recommended that an Organisation Restructuring Study is undertaken to very specifically address:

- The Area Management model and efficiencies in maintaining infrastructure

- Improvements to the housing delivery chain

4.1.2. Implement Resort Management Options

The municipality owns and operates seven holiday resorts which are not profitable. SBM commissioned Grant Thornton to investigate the management model at the resorts and they recommended different models for each resort. We recommend that the proposals made by Grant Thornton are given due consideration. As an alternative to the proposals made by Grant Thornton, consider involving the West Coast District Municipality in the management of the resorts.

4.1.3. Consider transferring the Hopefield old Age Facility

The operation and maintenance cost of the Old Age Home in Hopefield is a burden to the municipality. We recommend that the SBM investigate the feasibility of transferring the asset and operations to an FBO or NGO.

4.1.4. Investigate a PPP model for the provision of the Water Desalination Plant

The SBM is considering the construction of a water desalination plant with a first phase cost estimate of R500 million. This amount is sufficiently large to attract private parties to bid for a classical Public Private Partnership (“PPP”) concession, in which the municipality enters into a PPP Agreement with a Private Party to design, build, finance, operate, maintain and transfer the plant back to the municipality at the expiry of the concession period for an annual (“take-and-pay”) unitary fee similar to a bulk water purchase price. We recommend that a transaction advisor is appointed to investigate the feasibility and cost-benefit of this delivery method. To this end the municipality is advised to approach the Infrastructure Investment Programme for South Africa (“IIPSA”), a grant funding programme to assist municipalities with project preparation, administered by the DBSA.

4.2. PLANNING STRATEGIES

The Municipality will assess the implication of its long term planning processes on its financial sustainability.

4.2.1. Plan for the augmentation of the Water and Energy Sources

The inadequate supply of water and energy to serve future developments is regarded as a high risk. We recommend that the master plans for the provision of these resources receive priority attention.

4.2.2. Improve the Coordination between the IDZ Development and the Municipal Infrastructure Provision

The pace of development of the IDZ is uncertain, but the Licensing Company is proceeding on the basis of certain assumptions and we recommend that the SBM align its provision of infrastructure to that of the IDZ development.

4.3. REVENUE RAISING STRATEGIES

The Municipality will continue to work on diversifying and ensuring growth of its revenue base. The following revenue streams will be maximised:

- Assessment rates
- Revenue from trading services
- Agency fees and fines
- Smart revenue e.g. estate management , advertising rights and other revenue
- Grants
- Donor funding from international agencies
- Public Private Partnership

Very specific strategies to be pursued include:

4.3.1. Enhance Potential Revenue

During the conversations with Management, various initiatives were identified that could potentially raise the municipality's revenues. We recommend that the SBM investigate the following proposed initiatives for generating revenue:

- Introduction of a municipal court
- Advocate for a small surcharge on top of ESKOM's electricity bill to large consumers be paid over to the SBM
- Introduce a surcharge on tariffs during peak holiday periods
- Increase the surcharge on basic tariffs which caters for the fixed cost element of tariffs and if required, reduce the surcharge on the variable element of the tariff

4.4. COST SAVING STRATEGIES

The Municipality will align the expenditure budget not only to anticipated revenue growth, but very specifically to anticipated cash collections in an attempt to generate both accounting and cash surpluses. Stringent expenditure management remains an important aim.

4.4.1. Save on Expenditure

Notwithstanding the fiscal discipline that ensured containment of expenditure within the realm of revenue streams in the past, with a consequent consistent posting of Accounting and Cash Operating Surplus, there is scope to investigate saving on the following expenditure items. Management identified the following:

- Move towards a paperless environment
- Improve effectiveness of security services
- Share training and development opportunities with other municipalities
- Reintroduce the project prioritisation model
- Expedite transfer of houses to avoid expenses, e.g. insurance
- Improve supervision and limit overtime payments
- Limit appointment of consultants if the in-house capacity exists

4.4.2. Improve Staff Productivity

The Salaries and Wages bill is a large expenditure item. Staff productivity, as expressed by Total Income/Staff Costs, has decreased to 3 in the last four years ending 30 June 2015, from 4 in the preceding financial years. We recommend that interventions at management and supervisory level are introduced to improve productivity and limit new appointments to critical positions only.

4.5. FINANCIAL MANAGEMENT STRATEGIES

The sustainability and financial wellbeing of the Municipality is linked directly to sound financial management. In this regard the Municipality will continuously:

- Ensure that it complies with GRAP standards
- Review and update all policies and procedures annually
- Automate National Treasury reporting templates so as to ensure proper reporting
- Train and develop staff to minimize the use of the consultants
- Document processes to improve on the institutional memory
- Maintain an effective system of expenditure control, including procedures for approval authorization, withdrawal and payment of funds
- Prepare annual financial statements timeously and review performance and achievements
- Preserve and diversify its investment portfolio to maximize returns
- Ensure that multi year forecasts are sustainable

Very specific strategies to be pursued include:

4.5.1. Adopt a Municipal Viability Framework

Healthy Liquidity is considered the key factor for effectively managing the financial viability of SBM in the longer term in conjunction with the necessary financial ratios against which to monitor actual performance. The framework presents ratios within which to manage liquidity, operational performance and external gearing. We recommend that the Municipality adopts the proposed Municipal Viability Framework in this report for quarterly reporting to Council.

4.6. ASSET MANAGEMENT STRATEGIES

The Municipality will ensure that its assets are properly accounted for and safeguarded. Leveraging on the municipal assets will drive the economic growth and sustainable development of the Municipality. In particular:

4.6.1. Assess Condition of Assets

A review of the asset registers and based on the “Remaining Period” of useful life of these assets, indicates a large amount of R1.2 billion of assets was earmarked for replacement prior to 2016 but has not yet been replaced. We recommend that the asset registers are updated with an accurate assessment of the condition of infrastructure asset components and that repair and maintenance plans and asset replacement strategies are devised to ensure optimal use of these assets.

4.6.2. Adjust Repairs and Maintenance Budget Upwards

Low levels of Repairs & Maintenance expenditure are inconsistent with Saldanha Bay’s high level of Fixed Assets. We recommend that the Repairs and Maintenance Budget is gradually but consistently increased to reach the proposed 8% of carrying value of PPE in the longer term.

4.7. CAPITAL FINANCING STRATEGIES

It is essential to prioritise the allocation of resources to strategic infrastructure assets as part of the long term growth strategy. Public infrastructure such as roads and bulk services for water and sanitation are key in terms of development and growth of the city. For the Municipality to deliver on its core mandate and achieve its developmental goals it needs to explore different funding opportunities.

Municipal infrastructure has a long term economic life and a general principle is that the future users of the infrastructure should contribute towards the payment for capital expenditure by servicing the loans taken up now for immediate implementation of that infrastructure.

4.7.1. Improve the Balance of the Capital Funding Mix

Although it was financially afforded by the municipality - the historic aggressive Capital Investment program lacked Optimal & Balanced Funding. In the recent past little external financing was raised to the detriment of reducing the balance in the CRR considerably. We recommend that the SBM balance its capex funding substantially in line with the proposals in this financial plan.

4.7.2. Prioritise Financing of Asset Replacement from the CRR

The balance of the Capital Replacement Reserve is depleting fast. We recommend that the municipality annually funds its CRR in accordance with its policy (50% of the depreciation charge) and work towards transferring the full depreciation charge to a cash backed Capital Replacement Reserve. The SBM should avoid depleting its CRR in any given financial year, but use 50% of the prior year balance for assets that require replacement.

The SBM may want to limit external funding to the financing of new income generating assets. The SBM's policy on external gearing at a level of 25% is conservative but prudent.

4.7.3. Limit the Bridging of Government Transfers

Currently the municipality builds houses and claims the subsidy after completion of the construction. This impacts on the cash flow of the municipality and although one cannot be prescriptive in these matters we recommend that the SBM be alert and minimise such occurrences.

4.7.4. Improve estimates of Future Capital Contributions

If the IDZ is implemented as expected and associated residential and commercial developments follow, then the capital contributions from developers will become a significant funding source for future capital expenditure. We recommend that the SBM attempt an accurate estimate of future bulk infrastructure requirements and capital contributions to be expected.

We also recommend that developers deposit their contribution (or least 50%) upon signature of the development agreement, before the municipality incurs any expenses to avoid the municipality being out of pocket.

4.8. OPERATIONAL FINANCING STRATEGIES

Operational efficiency will be improved by maximising the collection rates and managing the underlying items of current assets and current liabilities optimally.

4.8.1. Strengthen Credit Controls

The payment ratio was volatile during the past 10 years, and although the collection rate of 98% in FYE2015 is good, the municipality should explore means of improving credit control and debtor management approaches in future.

4.9. FINANCIAL MANAGEMENT POLICIES

The aim of the financial policies is to provide guidance in terms of financial management and ultimately to ensure sound and sustainable management of the fiscal and financial affairs of the Municipality.

4.9.1. Review and Update Financial Policies

It is recommended that a detailed review and update redrafting of the financial policies be undertaken as a separate assignment due to the cross references between the different policies and to ensure that the set of policies used by Saldanha Bay Municipality reflect consistency and comprehensiveness which supports the LTFP of the municipality.

5. Financial Model Assumptions

The 10-year financial plan is prepared pursuant to a financial model in which the following salient assumptions are made:

TABLE 1: FINANCIAL MODEL ASSUMPTIONS

VARIABLE	VALUE
Model Period	11 Years: 01-07-2015 to 30-06-2026
Average CPI growth rate	6.95% p.a.
Days Receivable	52
Days Payable	49
Depreciation rate	5.5% p.a.
Investment Property: Acquisition	R 0 million
Investment Property / PPE: Disposal	R 0 million
No of months WC in liquidity reserve	1 month
Funding of Capital Replacement Reserve	Depreciation
Interest Rate on Positive Bank Balance above CPI	-1.0%
Interest Rate on Overdraft above CPI	5.0%
Opening balances	30-06-2015 (adapted)
New debt tenor	10 Years
New debt interest rate above CPI	4.50% p.a.
Capital Grants as a % of Total Revenue	4.5%
Projected GVA Growth Rate p.a.	4.7%
Projected Population Growth Rate p.a.	3.4%
Structural change in salaries and wages	None
Collection Rate	96.2%

6. Revenue

The Municipality's own revenues (excluding grants) are a function of the economy and population of the Municipality. These revenues were predicted on this basis by the financial model. The unconditional operational grant (equitable share) is added to forecast the total future revenues (excluding capital grants).

The Table below summarises the future Revenue forecasts:

TABLE 2: PROJECTED REVENUES

REVENUE	Total	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
R '000 000												
Property rates	2 778.3	159.7	177.2	187.5	202.4	219.3	237.3	260.1	285.4	313.7	348.5	387.2
Equitable Share & Cond Ops Grants	953.1	51.0	57.8	64.9	70.0	75.8	82.1	90.0	98.7	108.5	120.5	133.9
Interest Income	54.0	17.8	5.6	4.9	6.6	2.1	2.3	2.5	2.7	2.9	3.2	3.5
Income electricity services	5 930.6	318.2	354.3	396.5	435.4	478.5	521.6	569.0	621.4	679.2	743.0	813.6
Income water services	2 220.7	126.1	135.7	147.7	162.2	178.3	194.3	212.0	231.5	253.0	276.8	303.1
Agency Services	67.1	4.3	4.6	4.9	5.2	5.5	5.9	6.4	6.8	7.3	7.9	8.4
Other service charges and income	2 655.9	102.7	114.6	133.3	157.3	183.4	219.6	257.2	299.2	345.8	394.4	448.3
Total Revenue	14 659.8	779.8	849.8	939.6	1 039.1	1 143.0	1 263.1	1 397.1	1 545.7	1 710.4	1 894.2	2 098.0

7. Operating Expenditure

The Municipality will align its expenditure budget to anticipated revenue growth in an attempt to generate accounting and cash surpluses. Therefore stringent expenditure management remains as important as ensuring that revenues are collected.

There is limited scope to substantially increase any costs without negatively impacting on the overall operational performance of the Municipality, therefor requiring stringent management of the increases in current expenses.

Expenditure trends will be monitored over time. Where possible the impact will be anticipated and staggered over multiple years to reduce the impact.

The financial model has assumed cost increases similar to the increases in the MTREF for the first 3 years, but uses the number of households as independent variable to calculate expenses in future.

The Table below summarises the future Expenditure Forecast:

TABLE 3: PROJECTED EXPENDITURE

EXPENDITURE	Total	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
R '000 000												
Salaries, wages and allowances	4 458.1	277.6	295.0	314.7	342.0	368.3	394.7	424.3	455.7	489.5	528.5	567.8
Depreciation	1 861.3	135.7	140.6	140.9	150.0	153.4	158.7	168.4	178.9	191.6	210.9	232.1
Impairment	614.4	16.2	17.9	28.5	31.5	45.4	50.3	68.6	75.9	84.1	93.1	103.1
Expenditure electricity services	4 087.8	211.3	234.5	258.0	277.9	305.8	334.9	376.5	423.9	478.3	551.4	635.3
Expenditure water services	1 243.8	63.6	68.6	74.1	85.2	93.7	102.7	115.4	130.0	146.7	169.1	194.8
Repairs and maintenance	688.3	45.1	46.5	48.0	45.1	49.6	54.3	61.1	68.7	77.6	89.4	103.0
Interest on Long Term Debt	389.8	9.6	15.0	15.4	21.3	27.9	34.9	41.7	47.7	52.6	58.4	65.2
General expenses	1 418.7	111.0	106.8	105.0	107.1	115.0	122.9	131.4	140.2	149.6	159.9	169.9
Total Expenditure	14 762.3	870.1	924.9	984.6	1 060.1	1 159.1	1 253.4	1 387.5	1 521.0	1 669.9	1 860.7	2 071.0

8. Capital Expenditure

The amount of capital expenditure demand, for both asset replacement as well as new asset creation, exceeds affordable levels.

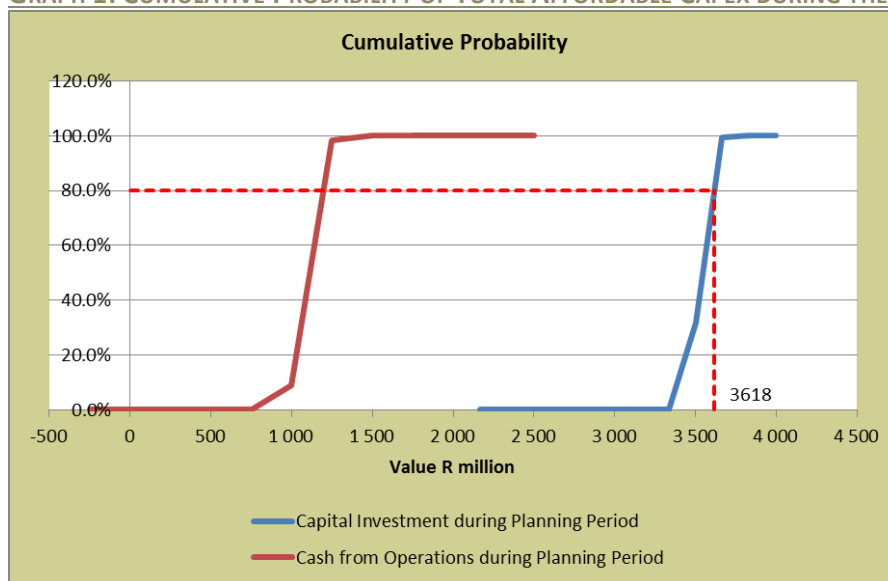
The long term capex estimates will be limited to levels that are affordable to the Municipality. These are summarised in the Table below:

TABLE 4: PROJECTED CAPITAL EXPENDITURE

CAPEX	Total	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
R' 000 000												
Asset Replacement Cost	1 279	101	78	51	107	74	87	117	125	143	189	208
New Capex	2 387	188	145	95	199	138	162	218	234	267	352	387
Total Affordable Capex	3 666	289	223	146	306	212	249	335	359	410	541	595

Pursuant to a Monte Carlo simulation, the cumulative probability of the capex budget may vary as illustrated in the graph below:

GRAPH 1: CUMULATIVE PROBABILITY OF TOTAL AFFORDABLE CAPEX DURING THE PLANNING PERIOD



9. Funding of Capital Expenditure

Various sources for the funding of the predicted capex budget will be accessed within the affordability levels of the Municipality. These consist of grant funding, own generated funds reserved in the CRR and external gearing. The projected sources are presented in the table below:

TABLE 4: PROJECTED FUNDING OF CAPITAL EXPENDITURE

FUNDING OF CAPEX	10-Year Total	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
R '000 000												
Grants	1 037	68	58	54	52	52	54	109	113	121	176	180
Own Funds	1 005	145	48	36	149	63	83	75	82	109	107	109
Loans	822	47	58	17	65	75	85	85	85	85	100	120
Capital Contribution	802	29	60	40	40	23	27	66	79	95	158	185
Total	3 666	289	223	146	306	212	249	335	359	410	541	595

10. Long Term Financial Sustainability Ratios

Notwithstanding the Municipality's aim to achieve healthy norms, the prediction is based on realistic ratios as informed by the financial performance to date. Given the assumptions, the financial model predicts the following ratios:

TABLE 5: PROJECTED FINANCIAL RATIOS

RATIO	NORM	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Liquidity Ratios												
Current Ratio	2 : 1	3.2 : 1	3.1 : 1	3.2 : 1	2.8 : 1	2.9 : 1	3.0 : 1	3.1 : 1	3.2 : 1	3.2 : 1	3.2 : 1	3.2 : 1
Quick Liquidity Ratio	2 : 1	2.4 : 1	2.2 : 1	2.4 : 1	1.9 : 1	2.0 : 1	2.1 : 1	2.2 : 1	2.3 : 1	2.3 : 1	2.3 : 1	2.3 : 1
Minimum Liquidity Level (or Cost Coverage)	1 : 1	4.7 : 1	4.4 : 1	4.7 : 1	3.8 : 1	4.0 : 1	4.3 : 1	4.5 : 1	4.8 : 1	4.9 : 1	4.9 : 1	4.9 : 1
Overdraft to Total Income	0	0	0	0	0	0	0	0	0	0	0	0
Operational Ratios												
Accounting Surplus	>0	7	43	49	72	58	91	185	216	256	368	393
Cash Operating Surplus	>0	51	87	129	169	203	245	280	318	359	388	418
Cash from Operations as a % of own Revenue		19%	23%	23%	25%	24%	26%	32%	32%	32%	36%	35%
Repairs and Maintenance to PPE	7.0%	2%	2%	2%	2%	2%	2%	2%	2%	2%	5%	5%
Debtors Payment Ratio (app.)	>95%	98%	96%	95%	95%	94%	94%	93%	93%	93%	93%	93%
Staff Costs	25% - 40%	32%	32%	32%	32%	32%	31%	31%	30%	29%	28%	27%
External Gearing Ratios												
External Loan Liability Paid Coverage Ratio	2 : 1	7.2 : 1	6.2 : 1	6.6 : 1	5.6 : 1	4.1 : 1	4.0 : 1	4.6 : 1	4.3 : 1	4.2 : 1	4.6 : 1	4.5 : 1
External Interest and Capital Paid to Total Expenditure	7.5%	2%	3%	3%	4%	4%	5%	6%	6%	6%	7%	7%
External Gearing Ratio (or Debt as a % of Own Revenue)	40.0%	10%	14%	13%	16%	19%	22%	23%	23%	22%	21%	21%
Other:												
Level of Grant Dependency		14%	12%	11%	11%	10%	10%	13%	12%	12%	13%	13%
Operating Surplus Ratio	<5%	1%	4%	5%	6%	5%	7%	12%	12%	13%	17%	16%
Net Financial Liabilities Ratio	<70%	-9%	-3%	-5%	5%	7%	8%	8%	8%	7%	7%	7%
Asset Sustainability Ratio	90% - 110%	56%	55%	56%	66%	82%	100%	117%	135%	143%	145%	146%

It is the aim of the Municipality to focus on the Consumer Collection Levels and Repairs and Maintenance to Total Expenditure Ratio and improve on these in the medium term.

11. Conclusion

The multi-year Long-Term Financial Plan contains revenue and expenditure forecasts expected in the event that the IDZ is developed. This will provide a sound basis for improved financial management and institutional development as well as service delivery improvements and implementation.

Notwithstanding the realistic forecasts the Municipality has set itself stretch targets and devised strategies which will, if implemented successfully, exceed the expectation in the forecasts.



Saldanha Bay Municipality

Independent Financial Assessment

Against the background of the Municipality's
Demographic, Economic & Household
Infrastructure Situation

DRAFT REPORT



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Abbreviations

GRAP:	Generally Recognised Accounting Practice
IPM:	INCA Portfolio Managers
Model:	IPM's Credit and Cash Flow Forecast Model
MTREF:	Medium Term Revenue and Expenditure Framework
Saldanha Bay:	Saldanha Bay Municipality or SBM

Information assessed

Economic data extracted from IHS Global Insight ReX Version 2.5n

The audited financial statements for the years ending 30 June 2006 to 30 June 2015

The approved 2015/16 to 2017/18 MTREF (The Budget 2015/16)

1. Introduction

INCA Portfolio Managers (“IPM”) has been appointed by Saldanha Bay Municipality to conduct an Independent Macro Financial Assessment in consultation with the Council as a basis of the development of a 10-year Long-Term Financial Plan. The methodology that will be followed to conclude this assignment will consist of the following modules that will be contained within this report for adoption by Council:

- ***Module 1: Key Perspectives related to Demography***

A detailed analysis of the Population is conducted. Key indicators used are:

- Total Population
- Population Density
- Annual per Capita Income
- Number of Households per Income Category
- Economically Active Population
- Economically Active Population as a percentage of Population
- Number of Unemployed People
- Population pyramid against other local municipalities in the district

- ***Module 2: A Snapshot of the Local Economy***

A further analysis of the Local Economy formation is conducted. Highlighted key factors include:

- Gross Value Added by the nine Economic sub-sectors
- Sector Share of Regional Total
- Concentration within Primary, Secondary & Tertiary Aggregates
- The role of tourism within the Municipality
- Total tourism spend as a percentage of GDP
- Contribution made by each economic sub-sector over the past 10 years

- ***Module 3: Household Infrastructure Service Delivery***

This section covers service delivery and infrastructure backlogs related to the Municipality in its provincial context. The overview is as follows:

- Household Infrastructure Overview in the Province
- Household Infrastructure Overview in the Municipality
- Number of households with “above” and “below” RDP service level of infrastructure in the Province, the District Municipality and the Municipality
- Households with income above the Equitable Share bracket in correlation with households that have access to a level of service higher than the RDP standard
- Infrastructure diamond – summary of the provision of the following four infrastructure services: Electricity, Water, Sanitation and Refuse Removal
- Non-Revenue Water in the Province and in the Municipality
- Dwelling Typology from 1996 to 2011
- Growth in Household formation in the Province and in the Municipality
- Percentage of households per Water Infrastructure
- Percentage of households per Sanitation Infrastructure
- Percentage of households per Electricity Infrastructure
- Percentage of households per Refuse Removal Infrastructure

■ ***Module 4: Historical Financial Overview***

To determine a reasonable foundation from where to start assessing the financial capacity of Saldanha Bay, a detailed overview of the historical financial performance of Saldanha Bay will be performed for a period of 10-years from 2004/05 to 2014/15. The historical data provides a basis for reflection on financial trends and ratios in the past to plot the likely outcome of future financial trends.

All of the data will be verified in conjunction with Saldanha Bay. Based on the historic performance of Saldanha Bay, the Model will derive a credit score for the Municipality in relation to both its peer performance and absolute norms and standards set by IPM as criteria in the Model. This score can be compared to that of an official rating agency and therefore will provide Saldanha Bay with an indication of the financial markets' perception of the credit risk to invest in the Municipality.

■ ***Module 5: Cash Flow Forecast of the Concept Budget for 2015/16***

From this base, the anticipated future cash flow performance Saldanha Bay will be modelled for the next 3 financial years using the assumptions made in the latest Approved Adjustment Budget for 2015/16 to 2017/18. From this it will be ascertained to which extent financial planning and budgeting for operational and capital expenses will impact on Saldanha Bay's current financial position. This assessment, will verify the reasonability of the assumptions made in the Concept Budget based on a comparison with Saldanha Bay's past financial performance and serve as an input into MTREF process. It will also serve as the foundation for projecting a sound longer term financial strategy.

From this assessment, the level of external funding that can be absorbed by Saldanha Bay without negatively impacting on its financial position is determined for the medium term. This information will strategically assist Saldanha Bay to determine the most optimal mix of funding sources to be utilized for investment in capital infrastructure, whilst maintaining adequate cash reserves and liquidity levels.

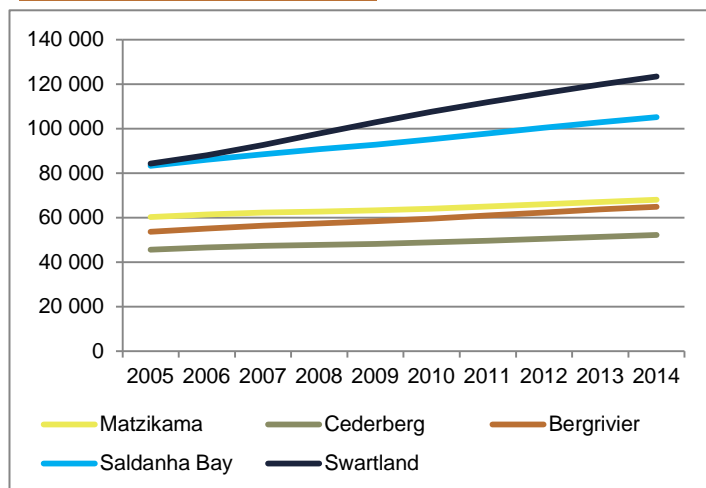
■ ***Module 6: Synopsis of the Preliminary Findings***

From the first 5 modules the most important findings will be highlighted for consideration in developing a longer term financial plan.

2. Key perspectives related to the Demography of Saldanha Bay Municipality

Population

GRAPH 1: TOTAL POPULATION



Saldanha Bay has a total population of 105 146 (2014) people which represents 25% of the people living in the jurisdiction of the West Coast DM. The municipality has the second highest population of the five municipalities in the District

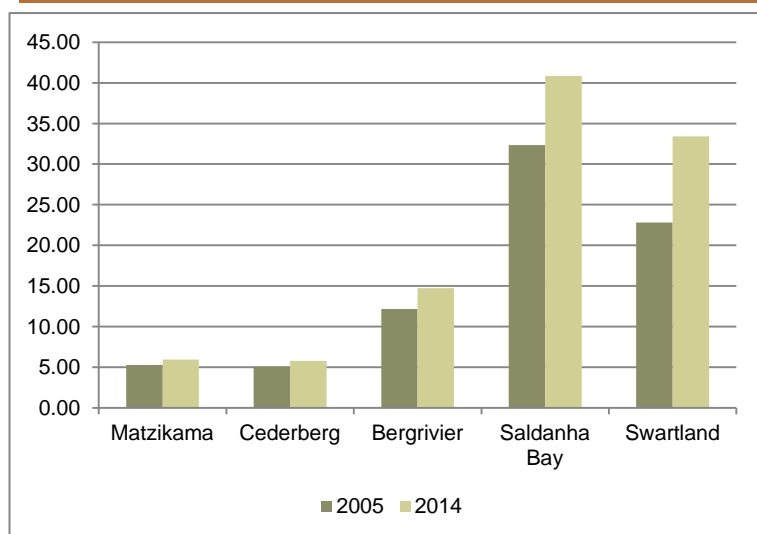
Saldanha Bay's current population growth rate of 2.2% represents the second highest in the District (Swartland – 3.1%; Bergrivier – 2.0%; Cederberg – 1.6% and Matzikama – 1.5%). This population growth rate is higher than the province's (Western Cape) 1.7% and higher than the country's 1.4% - per annum.

The total population reflected in Saldanha Bay's IDP is 99,193 (Census 2011). Using an estimated 2.2% population growth rate, the current population (2015) of Saldanha Bay is estimated to be 107 459 which is substantially more than the figure reflected in the municipality's IDP.

TABLE 1: TOTAL POPULATION

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Matzikama	60 274	61 437	62 231	62 758	63 263	64 038	65 016	66 051	67 061	68 044
Cederberg	45 654	46 615	47 288	47 756	48 190	48 846	49 660	50 515	51 343	52 148
Bergrivier	53 685	55 101	56 316	57 370	58 400	59 618	60 966	62 336	63 652	64 917
Saldanha Bay	83 281	85 978	88 431	90 703	92 845	95 264	97 832	100 397	102 835	105 146
Swartland	84 298	88 011	92 607	97 780	102 886	107 586	111 869	115 935	119 794	123 454
WestCoastDM	327 192	337 142	346 873	356 367	365 584	375 352	385 343	395 233	404 685	413 709

GRAPH 2: POPULATION DENSITY (NUMBER OF PEOPLE PER KM²)



Saldanha Bay covers an area of 2 015 km² and is the most densely populated area with a population density of 40.85 people/km² (Swartland – 33.42 people/km²; Bergrivier – 14.72 people/km²; Matzikama – 5.96 people/km² and Cederberg – 5.79 people/km²).

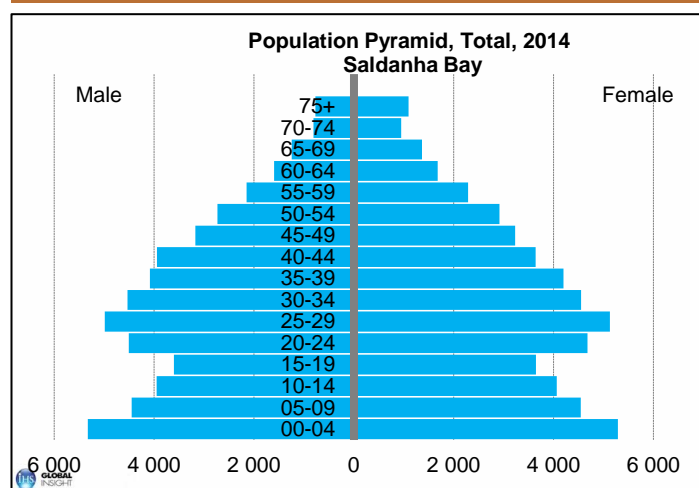
The table below shows the proportion of the consolidated age groups, viz. children, learners and young people (00 – 24), working age (25 – 64) and post retirement age (65+) for the 5 municipalities within the West Coast District.

TABLE 2: AGE GROUP OF POPULATION

Age Group	Matzikama	Cederberg	Bergrivier	Saldanha Bay	Swartland
00 - 24	44.4%	41.8%	41.5%	41.9%	41.6%
25 - 64	48.9%	51.1%	50.9%	52.2%	52.0%
65 +	6.6%	7.0%	7.6%	5.9%	6.4%

The younger population, pre-school and learner age are proportionally higher in Matzikama (44.4%) and Saldanha Bay (41.9%). The working age population is proportionally largest in Saldanha Bay (52.2%) followed by Swartland (52.0%). Proportionally more retired people reside in Bergrivier (7.6%) and Cederberg (7.0%), while Saldanha Bay has proportionally the least number of retired people 5.9% in the 65+ age group (**Table 2**).

GRAPH 3: POPULATION PYRAMID OF SALDANHA BAY MUNICIPALITY



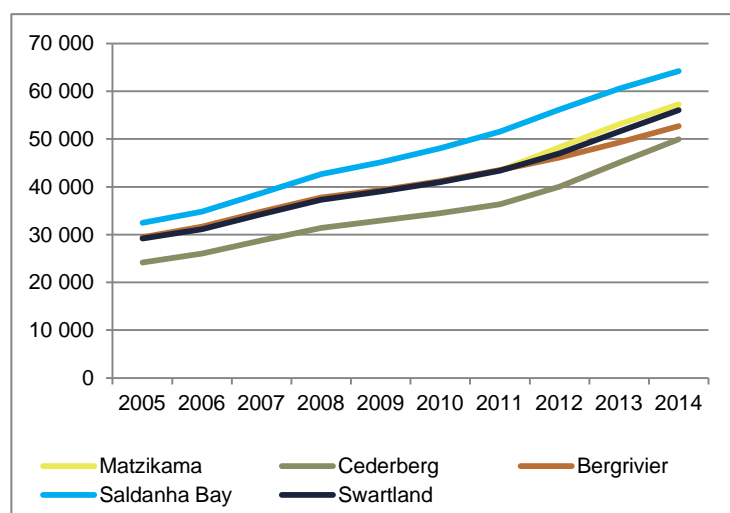
A population pyramid illustrates the **age composition** of a society. It provides an indication of the size of the economically active population (**EAP**) in the society, the job seekers on one hand, and the potential for new household formations and associated demands on household service delivery, such as housing, water, electricity and refuse removal on the other.

In Saldanha Bay the highest percentage of the age composition falls within the 00 to 04 year age bracket for both Male and Female, comprising 10.1% of the Total Population (**Graph 3**). The pyramid also illustrates the finding that Saldanha Bay has a high proportion of the population in the working age group

and relatively fewer people in the retired age group.

Income

GRAPH 4: ANNUAL PER CAPITA INCOME (RAND, CURRENT PRICES)



Saldanha Bay's annual per capita income is R 64 228 which is the highest of the five municipalities within the jurisdiction of West Coast DM (**Graph 4**) and higher than the national per capita income of R 48 323. (Matzikama: R 57 260; Swartland: R 56 054; Bergrivier: R 52 677 and Cederberg: R 49 981).

The average annual income per household in Saldanha Bay is

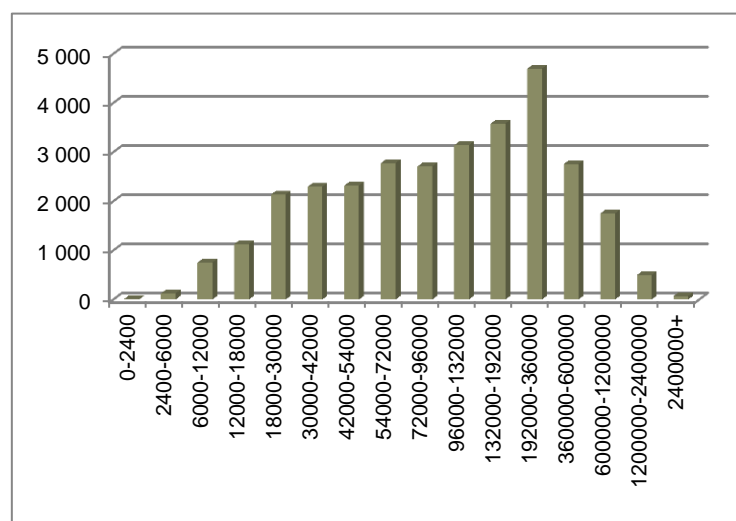
R 219 488.

Table 3 compares the average annual per capita income across municipalities in the West Coast District over time.

TABLE 3: ANNUAL PER CAPITA INCOME IN CURRENT PRICES R – SALDANHA BAY MUNICIPALITY

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Matzikama	29 214	31 430	34 682	37 637	39 220	41 077	43 477	48 287	53 087	57 260
Cederberg	24 143	26 027	28 752	31 423	32 903	34 460	36 337	40 021	45 034	49 981
Bergrivier	29 453	31 659	34 842	37 772	39 325	41 164	43 546	46 148	49 303	52 677
Saldanha Bay	32 493	34 815	38 702	42 619	45 143	48 040	51 576	56 176	60 526	64 228
Swartland	29 198	31 141	34 268	37 295	38 997	40 950	43 352	46 980	51 549	56 054

GRAPH 5: NUMBER OF HOUSEHOLDS PER INCOME CATEGORY, 2014 SALDANHA BAY MUNICIPALITY



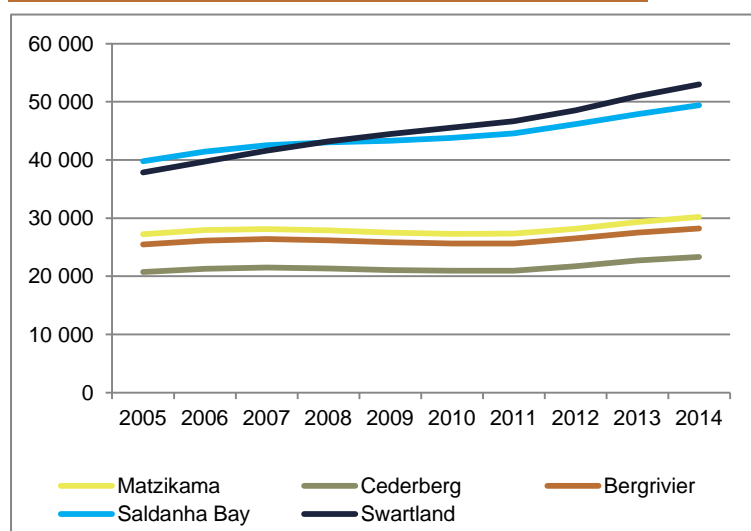
Graph 5 illustrates the distribution of household income.

The graph indicates that 13.5% of households in Saldanha Bay earn an annual income of below R 30,000 p.a.

The highest concentration of 37.1% currently earns between R 96,000 and R 360,000 p.a.

Economically Active Population

GRAPH 6: ECONOMICALLY ACTIVE POPULATION (EAP)



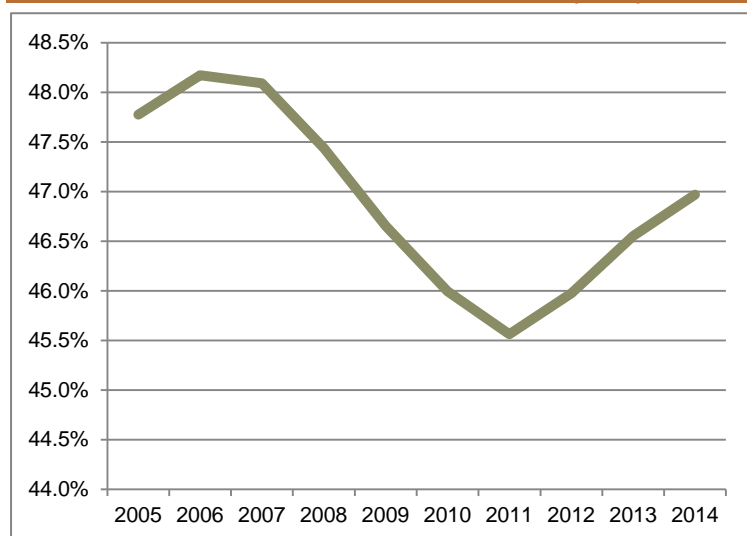
Graph 6 provides a perspective as to the growth in the number of **Economically Active People**¹ in the five municipalities within the jurisdiction of West Coast DM.

From this perspective, Swartland (52 980) has the highest number of economically active population in West Coast DM and Saldanha Bay has the second highest number (49 386) which is almost double the number of EAP's in Matzikama, Bergrivier and Cederberg (**Table 4**).

¹ Definition: The economically active population (EAP) is defined as the number of people who are able, willing and who are actively looking for work and who are between the ages of 15 and 65. It thus includes both employed and unemployed people.

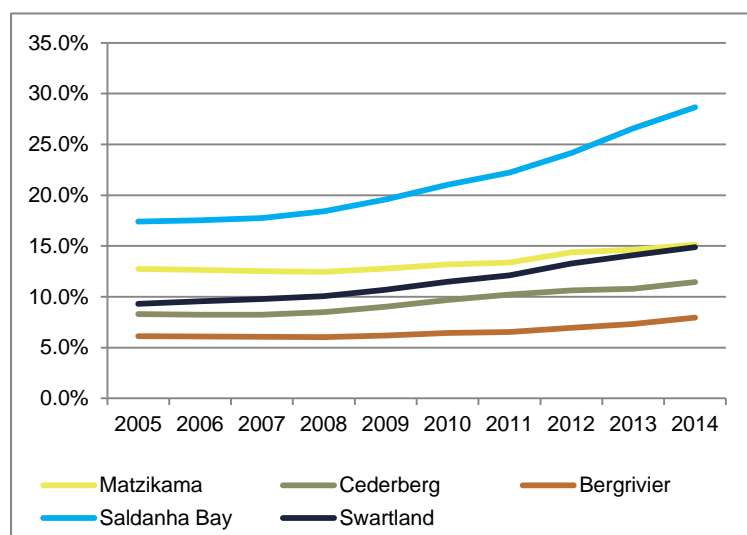
TABLE 4: ECONOMICALLY ACTIVE POPULATION (EAP)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Matzikama	27 242	27 919	28 134	27 870	27 493	27 294	27 327	28 138	29 315	30 205
Cederberg	20 726	21 289	21 513	21 353	21 083	20 931	20 947	21 743	22 709	23 336
Bergrivier	25 457	26 134	26 397	26 189	25 838	25 621	25 612	26 508	27 522	28 231
Saldanha Bay	39 789	41 418	42 526	43 028	43 314	43 818	44 577	46 160	47 873	49 386
Swartland	37 828	39 731	41 621	43 178	44 439	45 532	46 652	48 558	50 938	52 980

GRAPH 7: ECONOMICALLY ACTIVE POPULATION (EAP) AS % OF POPULATION: SALDANHA BAY MUNICIPALITY

The EAP of Saldanha Bay, as a percentage of population, increased slightly from 47.8% in 2005 to a high of 48.2% in 2006; after which the economic downturn resulted in a decreasing trend as illustrated in **Graph 7**, to a low of 45.6% in 2011.

An increasing trend was noticed in the three years from a low base in 2011 to a level of 47.0% in 2014. It is expected that this trend would have continued during 2015. This level is greater than the country's 36.0%. The EAP as a percentage of population for the other municipalities is as follows: Cederberg 44.7%, Matzikama 44.4%, Bergrivier 43.5% and Swartland 42.9%.

GRAPH 8: UNEMPLOYMENT RATE: SALDANHA BAY MUNICIPALITY

The official unemployment rate of Saldanha Bay is a high 28.6% of the 49 386 Economically Active Population. Saldanha Bay has by far the highest unemployment rate of the five municipalities in the West Coast District. The unemployment rate for other municipalities in the District is as follows: (Matzikama: 15.1%; Swartland: 14.9%; Cederberg: 11.5% and Bergrivier: 8.0%).

The fact that Saldanha Bay Municipality's unemployment rate is much higher than the Western Cape's 22.2%, and the Country's 25.3%, is of concern.

The spatial employment balance is illustrated by the following equation, vis:

The number of formal (FE) and informal (IE) employment opportunities should equate to the economically active population (EAP) less the number of unemployed (UE) less the net number of people living in the Saldanha Bay Municipality but working elsewhere (ME), i.e.

$$FE + IE = EAP - UE - ME$$

$$ME = EAP - UE - (FE + IE)$$

$$ME = 49\,386 - 14\,147 - (32\,658 + 3\,972)$$

$$ME = 35\,239 - 36\,630$$

$$ME = \underline{\underline{-1\,391}}$$

This negative figure indicates that there are more people from outside Saldanha Bay working in Saldanha Bay than people residing in the area and working elsewhere.

3. A Snapshot of the Local Economy

Gross Value Add

Saldanha Bay Municipality's Gross 2014 Value Add (GVA), which reflects the monetary value of the local economy, was R 9.33 billion per annum in current prices or R 7.22 billion in constant (2010) prices. This represents 32.4% of the R 28.84 billion West Coast DM economy and 2.0% of the R 472.93 billion Western Cape economy, the "third largest provincial economy in SA". Of the total GVA generated by the District, Saldanha Bay contributes the highest GVA of 32.4%, followed by Swartland 22.1%, Matzikama 18.1%, Bergrivier 15.3% and Cederberg 12.1% respectively.

Definitions of 9 Sub Sectors

Agriculture - Includes all agriculture, hunting, forestry and fishing.

Mining - Includes all minerals and quarrying.

Manufacturing - Includes the processing, refining and value add to all primary agricultural and mining products, inclusive of the chemical, rubber, plastic, glass and metal industries. Manufacturing of household goods, plant, equipment and transport goods are also included. The last part of beneficiation that is included in this broad sector classification of manufacturing is the printing, publishing, recording and communication industry.

Electricity - Includes the generation, manufacture and distribution of sources of energy

Construction - Includes all building and or demolition of accommodation, manufacturing and retail civil structures and related services, such as plumbing, electrical contracting, painting, decorating and air conditioning.

Trade - Includes wholesale and retail trade, repair of motor vehicles, motorcycles and personal and household goods, hotels and restaurants.

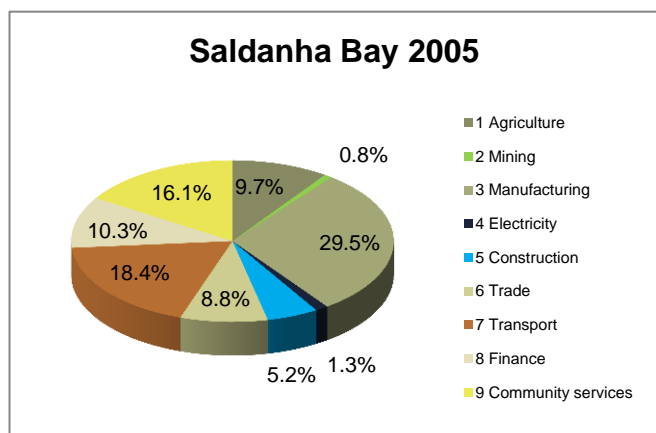
Transport - Includes all transport, storage and post and telecommunication

Financial - Includes financial intermediation, insurance, real estate and business services as well as rental of machinery and equipment, whilst the computer related services, research and services such as advertising, legal, accounting and other professional consulting services are also included.

Community Services - Includes community, social and personal services such as public administration and defence activities, educational services, health and social work, washing/cleaning, beauty treatment and funeral services.

GRAPH 9(A) AND 9(B): GROSS VALUE ADDED BY REGION (SECTOR'S SHARE OF REGIONAL TOTAL (%)): SALDANHA BAY

2005 Constant GVA: R 6 435 million



2014 Constant GVA: R 7 221 million

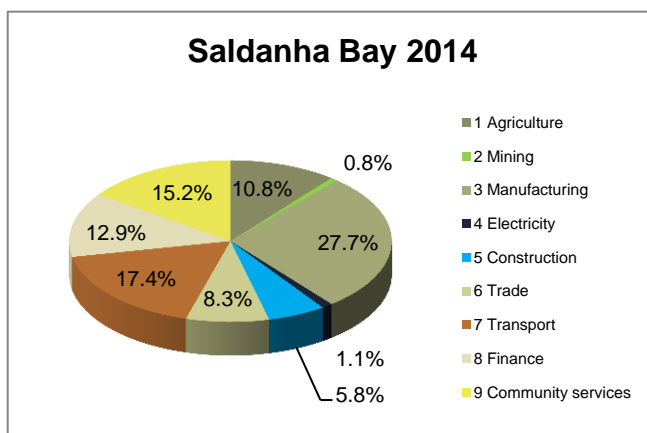


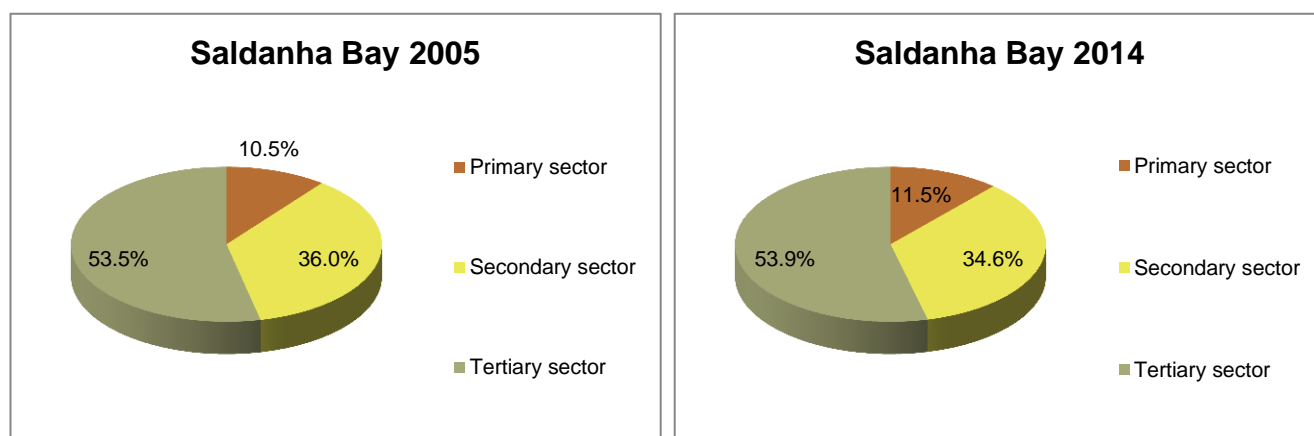
TABLE 5: CONTRIBUTION OF SUB SECTORS TO GVA: SALDANHA BAY MUNICIPALITY

Sub Sector	2005	2014
1 Agriculture	9.7%	10.8%
2 Mining	0.8%	0.8%
3 Manufacturing	29.5%	27.7%
4 Electricity	1.3%	1.1%
5 Construction	5.2%	5.8%
6 Trade	8.8%	8.3%
7 Transport	18.4%	17.4%
8 Finance	10.3%	12.9%
9 Community services	16.1%	15.2%

Manufacturing has remained the major economic driver in Saldanha Bay Municipality for the past 10 years with a 27.7% contribution to GVA in 2014, a slight decrease from a level of 29.5% in 2005. Manufacturing is followed by Transport and Community Services with a contribution of 17.4% and 15.2% respectively in 2014. The sub-sectors within Manufacturing that drives the sector are “Food, beverages and tobacco products” (73%).

The contribution to the local economy of Finance (12.9%) and Agriculture (10.8%) has increased slightly from a level of 10.3% and 9.7% respectively in 2005.

Trade and Electricity have both declined slightly to 8.3% and 1.1% respectively. Construction has shown a slight improvement from 5.2% ten years ago to the current rate of 5.8%. The sub-sector within Transport that drives the sector as the second dominant are “Land and water transport” (47.9%) and “Air transport and transport activities” (44.6%).

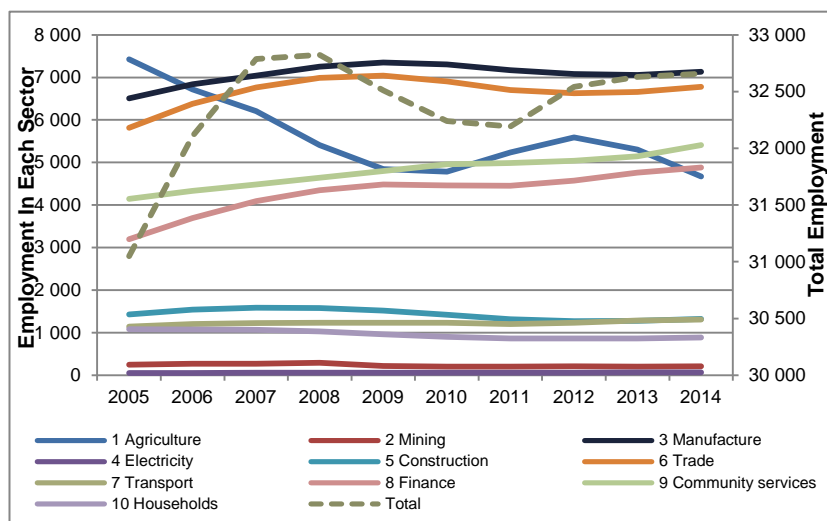
GRAPH 10(A) AND 10(B): GROSS VALUE ADDED BY PRIMARY, SECONDARY AND TERTIARY SECTORS: SALDANHA BAY

The shift in the contribution of the primary (mining & agriculture), secondary (manufacturing, electricity & construction) and the tertiary sector (trade, transport, finance & community services) in 2005 & 2014 is clearly indicated in **Graphs 10(a) & 10(b)** above. Since 2005, Primary Sector shows a slight improvement in terms of contribution increasing by 1.1 percentage points while the Secondary Sector showed a slight contraction of 1.4 percentage points. The Tertiary Sector showed a slight increase of 0.4 percentage points over the period. The dominant sector remains the Tertiary Sector, contributing 53.9% of GVA in 2014.

The average annual GVA growth rate in Saldanha Bay Municipality for the last 5 years was 0.6% p.a. This is lower than the National (2.4%) and Western Cape (2.6%) averages for the same period, indicating a need to promote local economic development in the area.

Employment

GRAPH 11: FORMAL SECTOR EMPLOYMENT: SALDANHA BAY



Graph 11 indicates that over the past ten years the total number of people formally employed in Saldanha Bay municipal area has increased by only 5% from 31 049 in 2005 to 32 658 in 2014.

Manufacture and Trade continue to be the largest providers of employment, with each employing app. 7 000 people as illustrated in **Graph 11**.

Community Services (5 405), Finance (4 880) and Agriculture (4 670) are also significant sectors of employment, and in total contributing 46% to employment.

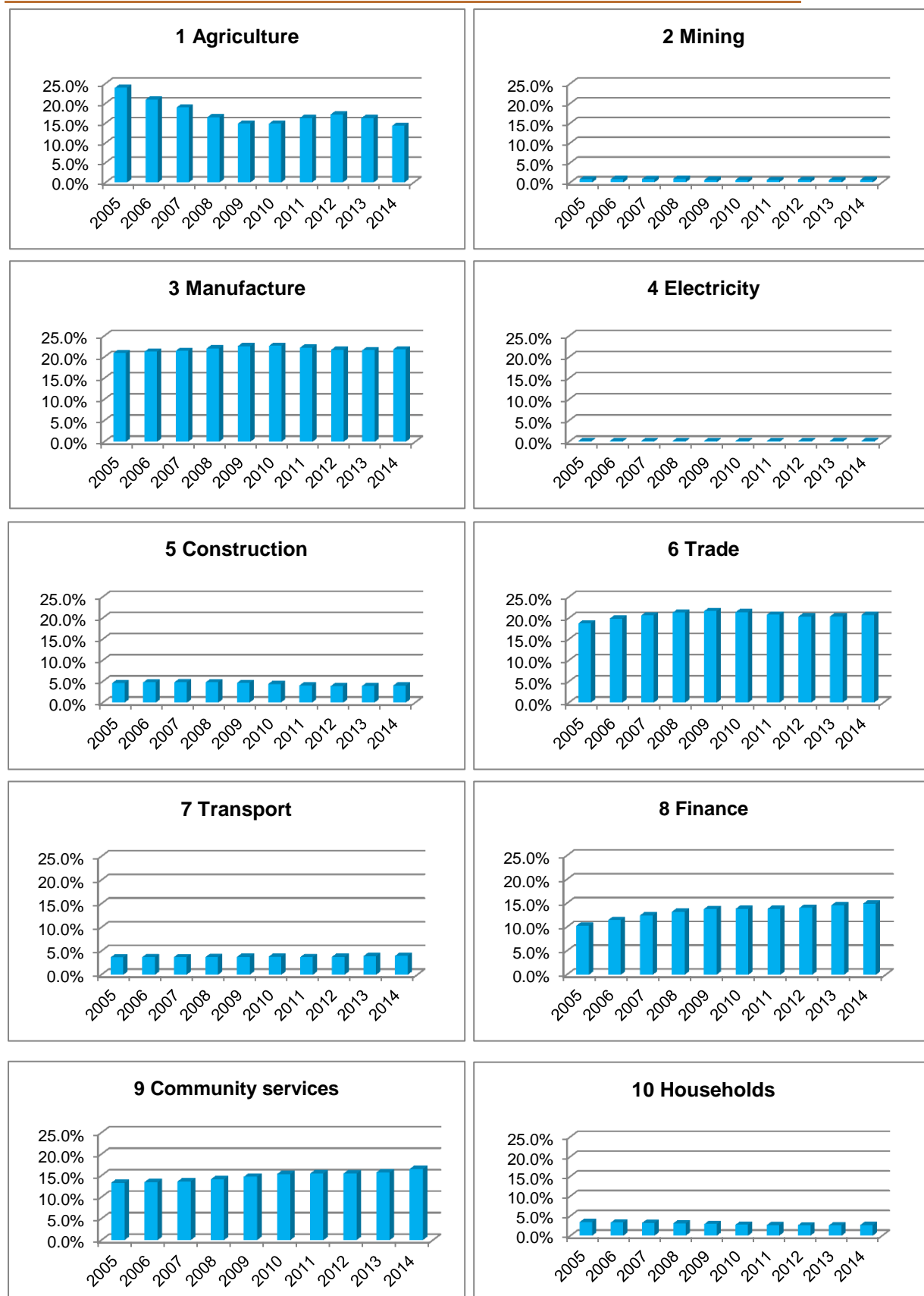
Between 2008 and 2011 employment declined, but has improved since then. The 2008 employment levels are only now being attained, indicating the slowness of recovery after the recession.

TABLE 6: FORMAL SECTOR EMPLOYMENT: SALDANHA BAY MUNICIPALITY

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Agriculture	7 423	6 720	6 204	5 406	4 841	4 787	5 234	5 586	5 304	4 670
Mining	249	273	274	294	217	203	201	207	201	212
Manufacturing	6 508	6 838	7 044	7 252	7 350	7 308	7 166	7 076	7 060	7 135
Electricity	54	55	56	57	59	60	59	59	68	65
Construction	1 432	1 540	1 590	1 580	1 519	1 423	1 312	1 273	1 279	1 320
Trade	5 818	6 382	6 761	6 989	7 043	6 904	6 701	6 630	6 658	6 775
Transport	1 143	1 202	1 224	1 231	1 236	1 231	1 204	1 234	1 285	1 306
Finance	3 199	3 690	4 089	4 347	4 484	4 464	4 455	4 575	4 762	4 880
Community services	4 143	4 333	4 480	4 640	4 797	4 957	4 991	5 039	5 145	5 405
Households	1 080	1 075	1 065	1 027	966	902	868	861	866	889
Total	31 049	32 109	32 786	32 823	32 511	32 240	32 192	32 542	32 628	32 658

The graphs below illustrate the change in proportional employment for the different subsectors over time.

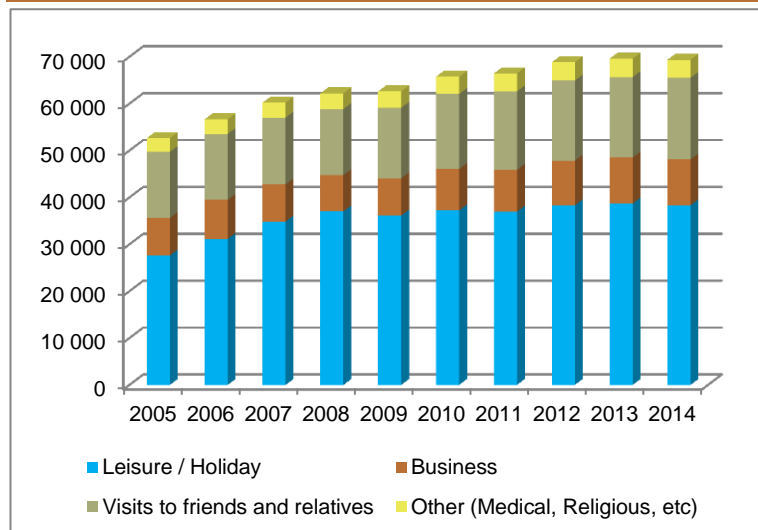
GRAPH 12: PROPORTION EMPLOYMENT IN THE DIFFERENT SUB SECTORS: SALDANHA BAY



Tourism

Although tourism per say is not recognised as an economic sub-sector on its own, but is split between a number of the nine economic sub-sectors, its importance to the local economy of a municipality should not be under estimated.

GRAPH 13: NUMBER OF TRIPS BY PURPOSE OF TRIP: SALDANHA BAY



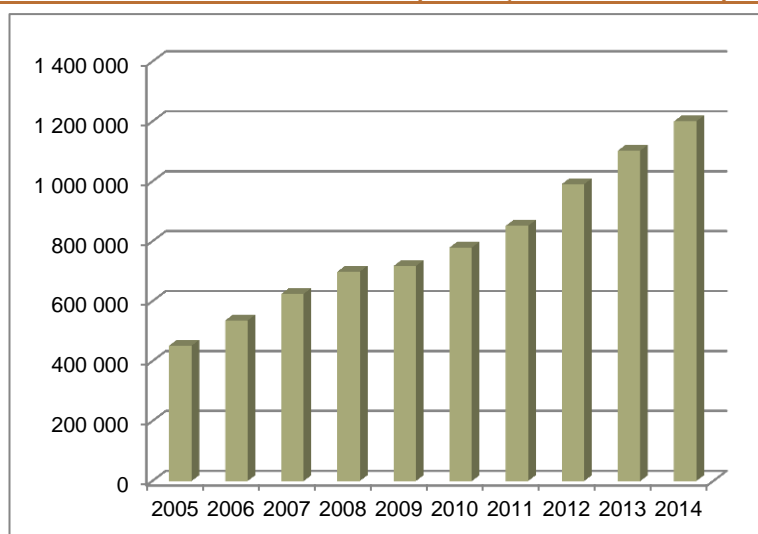
Graph 13 is an indication of the main reasons for people visiting Saldanha Bay - be that for leisure, business or visiting family/friends.

The pattern of total visits shows a constructive pattern since 2005. Following an increasing trend in the period 2005 to 2013. Since then, a slight decline was experience from a high of 69 590 visit in 2013 to 69 347 visit in 2014.

Leisure or Holiday trip constitutes the highest proportion, i.e. 55.3% of all trips in 2014 as can be observed in the **Table 7** below.

TABLE 7: TRIP PURPOSE AS A PROPORTION OF TOTAL TOURISM TRIPS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Leisure / Holiday	52.5%	55.0%	57.9%	59.5%	57.7%	56.6%	55.6%	55.7%	55.6%	55.3%
Business	15.2%	14.7%	13.1%	12.5%	12.7%	13.4%	13.4%	13.8%	14.1%	14.1%
Visits to friends and relatives	26.8%	24.8%	23.7%	22.7%	24.0%	24.4%	25.2%	24.8%	24.7%	25.1%
Other	5.6%	5.5%	5.2%	5.4%	5.6%	5.6%	5.8%	5.7%	5.6%	5.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

GRAPH 14: TOTAL TOURISM SPEND (R1000, CURRENT PRICES): SALDANHA BAY

The gross amount spent by people visiting Saldanha Bay Municipality was R 1.20 billion for 2014, whilst the amount per person/visitor was R 17,313 on average.

This gross amount spent represents a credible 17% of the Local Gross Value Add for Saldanha Bay Municipality.

It is important to note that Saldanha Bay's tourism spend has improved from R 0.45 billion in 2005 to R 1.20 billion in 2014, as depicted in **Graph 14**. Of the total tourism spend in the West Coast DM; approx. 49% was spent in Saldanha Bay.

Concluding remarks related to the Demography and the Local Economy as it relates to Saldanha Bay Municipality

From the key indicators relating to the Local Economy and Demography in Saldanha Bay, the following strengths and weaknesses are identified:

Strengths	Weaknesses
<ul style="list-style-type: none"> Relatively high population density in the District allows for economies of concentration and –scale to materialize Saldanha Bay has the highest per capita income in the district at R 64 228. However it is lower when compared to Overstrand at (R 75 952), higher than Mossel Bay at (R 59 828) and almost equal that of George at (R 64 048) Significant and constant increase in tourism spend over the past 10 years reaching nearly R 1.20 billion in 2014 Second highest number of Economically Active Population in the District Generates the highest GVA in the District representing 32% of the total. 	<ul style="list-style-type: none"> Highest unemployment rate in the District of 28.6%, compared to Western Cape's 22.2% and Country's 25.3% Relatively low annual GVA growth rate of 0.6% vs Western Cape 2.4% and National 2.6% Disappointing job creation of only 5% between 2005 and 2014 A high number of people between the age of 20-35 reflecting job seekers and people that drive household formation and put pressure on municipal service delivery.

4. Household Infrastructure Service Delivery

A comprehensive perspective of the ability of Saldanha Bay Municipality to provide, maintain and operate infrastructure services would require an in depth investigation into the technical and operating capacity as well as performance of the municipality. This is outside the mandate of this assignment and we will make use of existing available information to obtain a proxy of such a perspective.

At the core of infrastructure asset management is the acknowledgement that linkages exist between policy, planning (e.g. service level at which infrastructure is provided), the cost of provision of such infrastructure and the replacement thereof after expiry of its useful life, operating performance, maintenance strategies and customer satisfaction, all within the affordability levels of consumers and the municipality to ensure long term sustainability. In the absence of a holistic approach to asset management a municipality assumes a high risk of failure in future, unless it has the resources to rectify the situation, which in most instances is not the case.

In this report we will analyse the infrastructure service provision of the municipality and when assessing the backlogs we are guided by the RDP standards of level of service.

Infrastructure Index

In this report use is made of the Infrastructure Index as developed by *iHS Global Insight in its ReX Version 2.5q*. to compare the region's access to household infrastructure.

The infrastructure index is a population-adjusted, access-to-service weighted index which measures a region's overall access to household infrastructure. The index ranges from 0 to 1, where 0 implies that every household in the region is below the minimum level of access to infrastructure, and 1 implying that every household in the region is at the minimum level of access to infrastructure.

For each infrastructure category, a sub-index was created by weighting the different levels of service. For example, the sanitation sub-index counts 1 for each household that has a flush toilet, but only 0.1 for each household on the bucket system. Throughout the sub-indices, households without any infrastructure receive a zero weighting. For example, households with no toilet receive a weight of zero. By summing the households in this manner and dividing by the total number of households in the region, a total percentage of 'served' households for each of refuse, sanitation, water, electricity and housing are derived at.

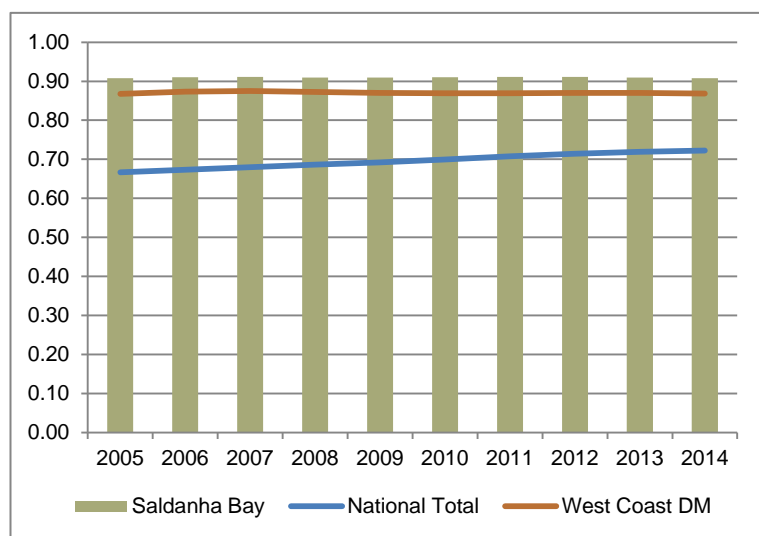
These sub-indices are multiplied by a weighting which considers the 'importance' of that particular service. By this method, a final figure that measures the level of access to household infrastructure in the municipality is determined.

The 'importance' weightings are derived from the cost of providing the basic (or minimum) level of access – as defined by the relevant free basic services. In other words, the index assumes that a service is more important if the cost of providing it at a basic level is higher. The final weightings are as follows:

Service	Final Weight
Electricity	8.0%
Water	20.0%
Refuse	18.0%
Sanitation	16.0%
Formal Housing	38.0%

The graph below illustrates the Infrastructure Index over time for Saldanha Bay Municipality in comparison to the Infrastructure Index for West Coast District Municipality and the National average.

GRAPH 15: INFRASTRUCTURE INDEX: SALDANHA BAY MUNICIPALITY



The Infrastructure Index for Saldanha Bay remains static at a high 0.91 in the period from 2005 to 2014. This level of service delivery is better than that of West Coast DM and much better than the country's average.

Extent of Infrastructure Provision

The extent of the infrastructure service provision in the Saldanha Bay Municipality in comparison to the West Coast District Municipality is summarized in the table below.

The first half of the table shows the number of households that have access to infrastructure at a RDP service level and above. The second half records the number of households that fall below the RDP level of service or receive no service at all for the West Coast District Municipality and Saldanha Bay Municipality. This latter half would then also be defined as the infrastructure backlog for that particular service. For example the Electricity backlog in the West Coast District Municipality as a whole amounts to 4 520 households or 4.0% of the total number of households of 113 051 in the District. The definition of infrastructure backlog for each service will be defined later on in this report. In summary:

- **Sanitation Backlog:** Number of households without access to a hygienic toilet, i.e. no formal toilet or they make use of either a pit toilet or the bucket system
- **Water Backlog:** Households that have access to piped water further than 200m from the dwelling or do not have access to formal piped water at all
- **Electricity Backlog:** Households not connected to any form of electricity at all
- **Refuse Removal:** Households that do not have access to a refuse removal service provided by a local authority (or its contractors)

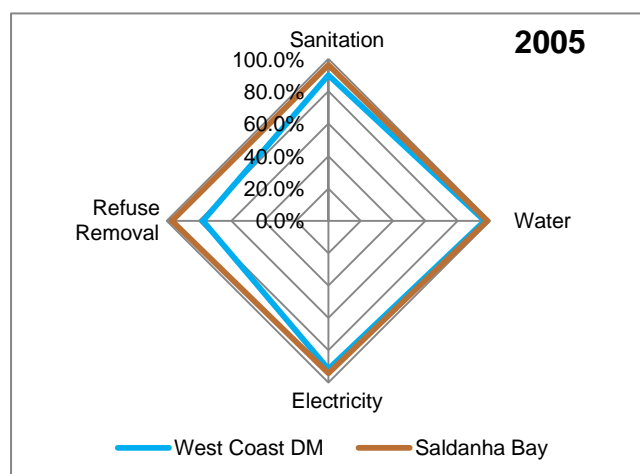
TABLE 8: NUMBER OF HOUSEHOLDS WITH “ABOVE”/“BELOW” RDP SERVICE LEVEL INFRASTRUCTURE

Infrastructure	West Coast DM	%	Saldanha Bay	%
Above RDP Level				
Sanitation	99 298	87.8%	29 169	94.8%
Water	106 197	93.9%	30 564	99.3%
Electricity	108 530	96.0%	30 211	98.2%
Refuse Removal	92 767	82.1%	30 070	97.7%
Below RDP Level or None				
Sanitation	13 753	12.2%	1 599	5.2%
Water	6 853	6.1%	204	0.7%
Electricity	4 520	4.0%	557	1.8%
Refuse Removal	20 283	17.9%	698	2.3%
Total No. of Households	113 051	100.0%	30 768	100.0%

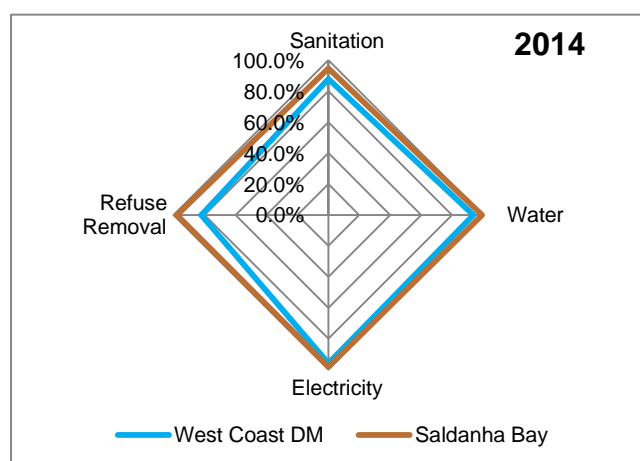
With regards to the four services, Saldanha Bay performed better than the average of all the municipalities in West Coast DM.

Infrastructure Diamond

A summary of the provision of the four infrastructure services, viz. Sanitation, Water, Electricity and Refuse Removal by the Saldanha Bay in comparison to the West Coast DM as a whole is best illustrated by the infrastructure diamond for the state of provisioning in 2014 as compared to the position in 2005.

GRAPH 16: INFRASTRUCTURE DIAMOND: SALDANHA BAY 2005

In 2005, Saldanha Bay infrastructure provision for sanitation, water, electricity and refuse removal exceeded that of West Coast DM.

GRAPH 17: INFRASTRUCTURE DIAMOND: SALDANHA BAY 2014

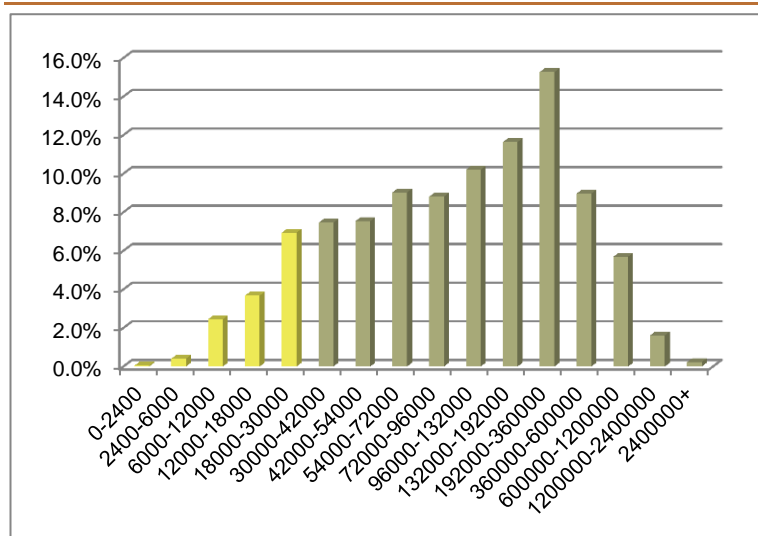
In 2014, Saldanha Bay infrastructure provision for all the four basic services exceeded that of the West Coast DM.

Service Level Affordability

The Local Government Equitable Share Formula uses the monthly pension amount of R 2 700 as a threshold level. The formula has two objectives: to enable municipalities to provide basic services to poor households and to enable municipalities to afford administration and governance capacity to perform core municipal functions. The subsidy amount per poor households below the threshold level, which covers water, sanitation, refuse removal, energy and includes an amount of 10% to be used for maintenance.

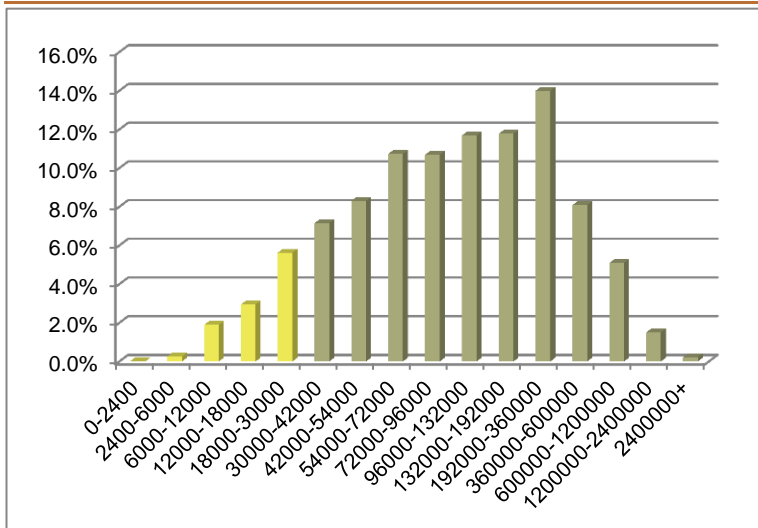
A municipality that provides services at a level higher than the basic level of services to households that cannot afford these services only receives a subsidy amount that attempts to cover the cost of provision of basic services. Therefore the greater the gap between the number of households that receive a higher than basic level of service and the number of households that receive an income of lower than R 2 700 per month the more stressed a municipality will be in providing these services in a sustainable manner and pay for these from other revenue sources.

GRAPH 18: PERCENTAGE OF HOUSEHOLDS PER INCOME CATEGORY: SALDANHA BAY 2014



In Saldanha Bay 13.5% of all households fall within the income bracket of the R 30 000 p.a or less, i.e. 86.5% receive an income above that level.

GRAPH 19: PERCENTAGE OF HOUSEHOLDS PER INCOME CATEGORY: WEST COAST DM 2014



In comparison 10.7% of all households in the West Coast DM fall within the income bracket of R 30 000 p.a or less, i.e. 89.3% receive an income above that level.

Those households that fall above the R 30 000 p.a bracket should conceptually be in a position to afford their services. The Infrastructure Index on the other hand is an indication of those municipalities that provide at least RDP level of services for household infrastructure.

A comparison of household income and level of service is presented in the table below:

TABLE 9: COMPARISON OF HOUSEHOLD INCOME AND LEVEL OF SERVICE

	West Coast DM	Saldanha Bay
% Households above the Equitable Share Bracket	89.3%	86.5%
% Households with level of service at RDP or higher	86.8%	90.8%

In Saldanha Bay the percentage of households with access to a level of service of RDP or higher is higher than the percentage of households with income above the R 30 000 p.a bracket, i.e. 90.8% vs. 86.5%. The gap between household level of services and household income in the Saldanha Bay is currently 4.3 percentage point. Based on this gap, Saldanha Bay may experience affordability concerns in the future. This additional 4.3 percentage points reflect the municipalities compassionate (“deernis”) policy and is commendable, but to be sustainable the municipality’s Revenue base need to justify such policy.

Household Infrastructure

Housing

An analysis of the different housing types (dwelling units) in the municipality for the period between 1996 to 2012 is made. Dwelling units consist of 5 categories:

Very Formal Dwellings: Households that fall into this category are structures built according to approved plans, e.g. houses on a separate stand, flats or apartments, townhouses, rooms in backyards that also have running water and flush toilets within the dwelling.

Formal Dwellings: Households that fall into this category are considered to be a structure built according to approved plans, i.e. house on a separate stand, flat or apartment, townhouse, room in backyard, rooms or flat-let elsewhere etc., but without running water or without a flush toilet within the dwelling.

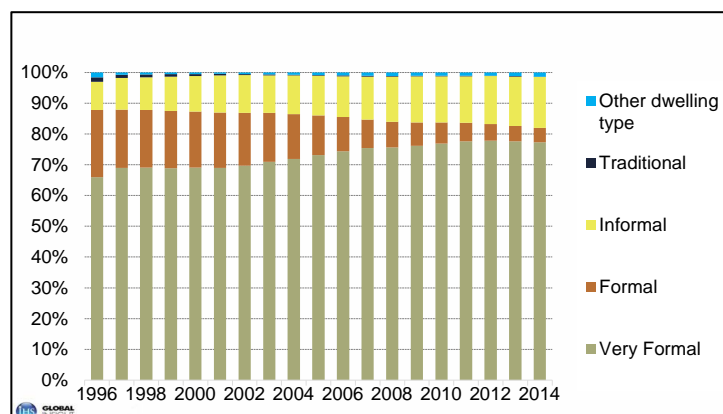
Informal Dwellings: Households that fall into this category are considered to be a makeshift structure not erected according to approved architectural plans. For example; shacks or shanties in informal settlements, serviced stands or proclaimed townships or shacks in the backyards of other dwelling types.

Traditional Dwellings: Households that fall into this category are considered to be a dwelling made of clay, mud, reeds or other locally available materials. This is a general term that includes huts, rondavels, etc. Such dwellings can be found as single units or in clusters. StatsSA notes that rondavels constructed with concrete blocks or stone walls are not considered traditional.

Other Dwelling Units: Units that do not fall into any of the above categories. Some of the dwelling units included in this category includes tents, ships and caravans.

An illustrative comparison of the different housing typologies for the Saldanha Bay Local Municipality during the period 1996 and 2012 is illustrated below.

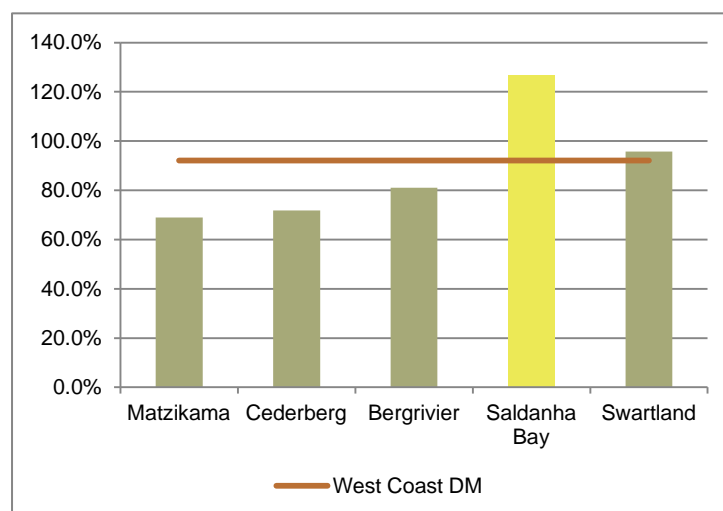
GRAPH 20: DWELLING TYPOLOGY: SALDANHA BAY



Very formal (77.3%) and Formal (4.7%) together constitute 82% of dwelling types in the municipality. Informal dwellings constituted 16.5% in 2014.

It is important to note that relatively speaking, informal dwellings have increased since 1996.

GRAPH 21: GROWTH IN HOUSEHOLD FORMATION: WEST COAST DISTRICT BETWEEN 1996 & 2014

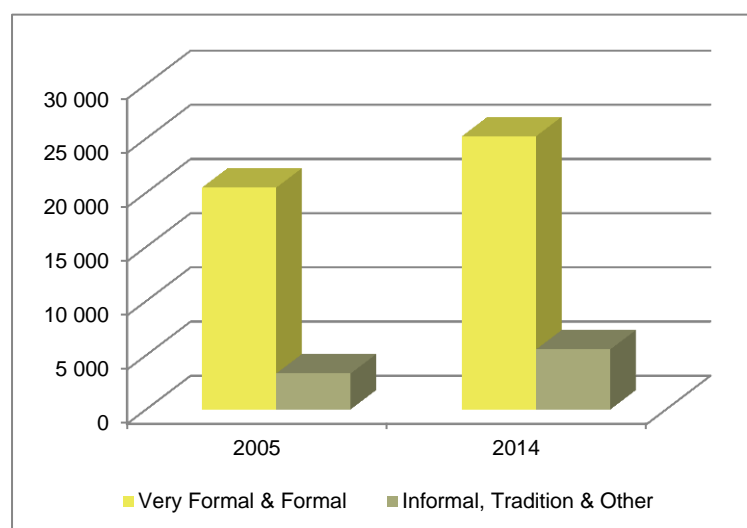


Household formation in Western Cape has grown by 68% between 1996 and 2014, the 4th highest provincial growth in the country. The National household formation grew at 67% in the same period.

In the period from 1996 to 2014, the West Coast DM as a whole experienced growth in household formation of 92%, the highest of the five districts within the jurisdiction of Western Cape Province and higher than both the national and provincial figure. Within West Coast DM, Saldanha Bay experienced by far the highest household formation (126%) of all five municipalities, albeit from a relatively low base, at an average annual growth

rate of 4.4% p.a. This is an indication of the strain on the municipality to provide infrastructure and services to a fast growing municipality.

GRAPH 22: NUMBER OF DWELLING TYPES: SALDANHA BAY



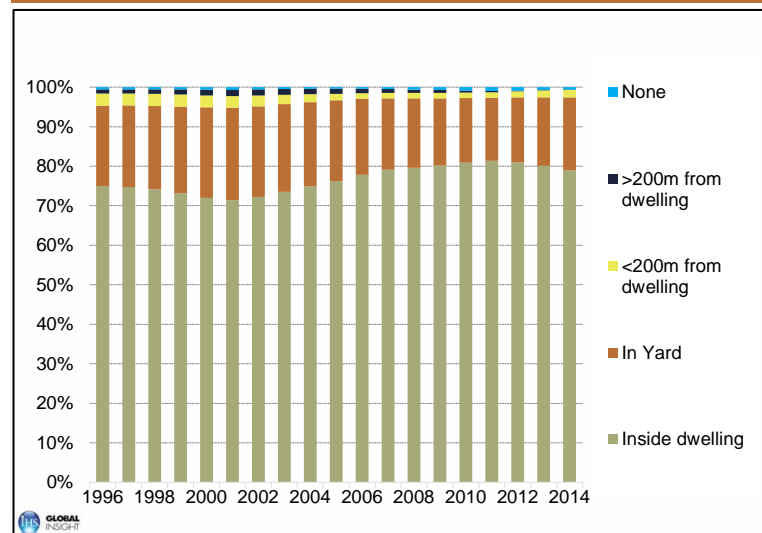
The total housing stock in the Saldanha Bay has grown by 6 983 units, between 2005 and 2014 bringing the total number of houses to 30 768. The backlog in absolute numbers has however increased by approx. 2 231 units. The **housing backlog in the Saldanha Bay** in absolute numbers was **approx. 5 500 units** in 2014.

Water

The minimum level of access to water regarded as the RDP level, are households with access to piped water within 200m of their dwelling. Houses that have access to piped water further than 200m from the dwelling, or households that do not have access to formal piped water are considered to form part of the water backlog. Households at or above the RDP level are not considered to be part of the water supply backlog. Above RDP level includes all households that have access to piped water within their dwelling, within their yard or within 200 meters of their dwelling.

An illustration of the different types of water infrastructure for the Saldanha Bay Local Municipality during the period 1996 and 2014 is illustrated below:

GRAPH 23: PERCENTAGE HOUSEHOLDS PER WATER INFRASTRUCTURE: SALDANHA BAY



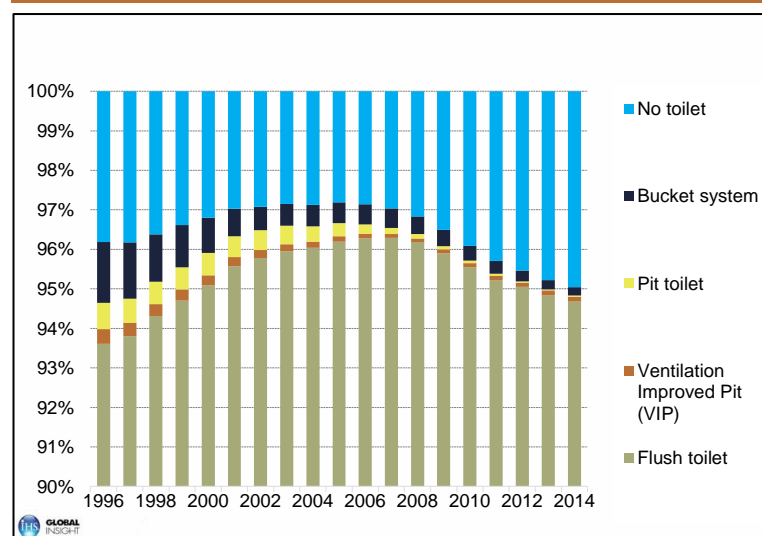
The percentage of households in Saldanha Bay with piped water at or above RDP level of standard was 99.3% in 2014; an increase from the 98.7% in 2011. In absolute terms, the water backlog in Saldanha Bay has slightly increased from the previous year. The current **water backlog in absolute terms amounts to approx. 204 households**.

Sanitation

The household sanitation infrastructure in the municipality was analyzed. The hygienic toilet categories include flush toilets, chemical toilets and pit latrines with a ventilation pipe. Hygienic toilets exclude pit toilets and bucket systems which are both classified as unhygienic.

The Sanitation Backlog represents the number of households without access to a hygienic toilet - this implies that they have no formal toilet or that they make use of either a pit toilet or bucket system.

GRAPH 24: PERCENTAGE HOUSEHOLDS PER SANITATION INFRASTRUCTURE: SALDANHA BAY



In Saldanha Bay the percentage of households with hygienic toilets was 94.8% in 2014. This is a slight improvement from the proportion of 94.0% in 1996.

The current **sanitation backlog in absolute terms amounts to approx. 1599 households** or 5.2% of all households.

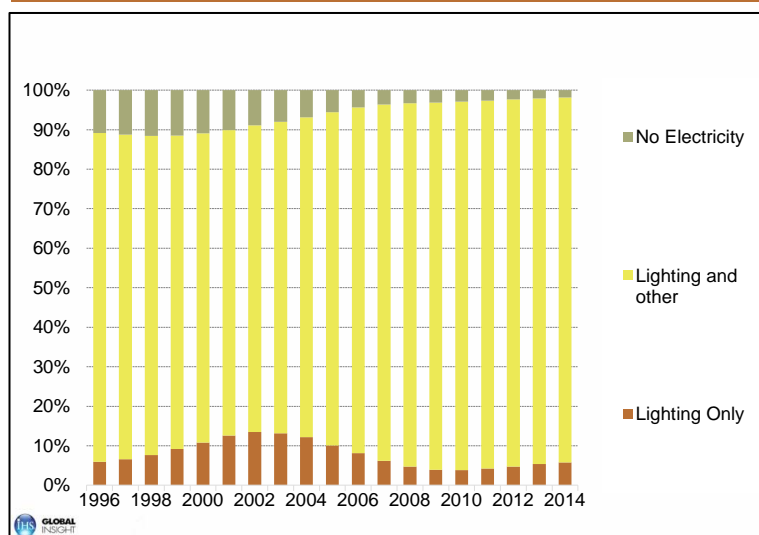
In a water-scarce region the provision of flush toilets is not always the most desirable option and the provision of ventilated pit latrines ("VIPs") (a hygienic option) should be considered more often. In this regard we note that the proportion VIPs in the West Coast DM only

amounts to 0.5%.

Electricity

The provision of electricity in the country has grown significantly. The number of households in the Western Cape that were connected to electricity between the period 1996 and 2014 numbered app. 1.5 million. The proportion of households connected has increased from 87.9% in 1996 to 95.6% in 2014.

GRAPH 25: PERCENTAGE HOUSEHOLDS PER ELECTRICITY INFRASTRUCTURE: SALDANHA BAY



In Saldanha Bay, the percentage of households connected to electricity was 98.2% in 2014. This is a significant increase from 89.2% in 1996.

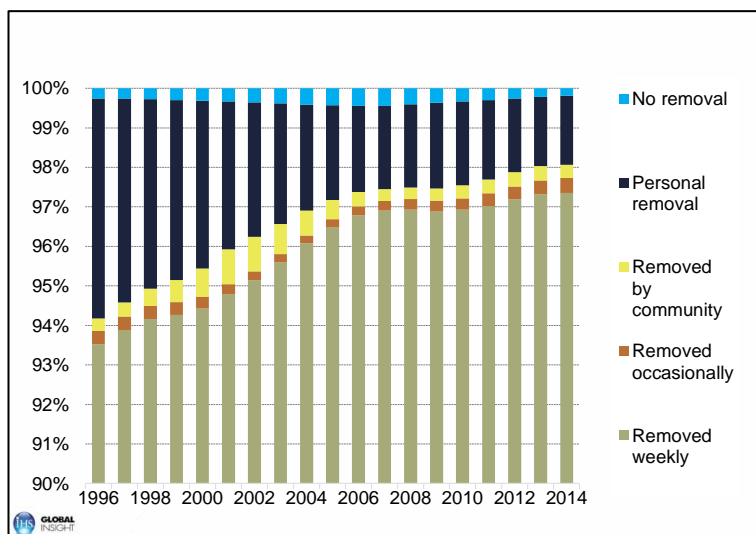
The current number of households not connected to electricity amounts to approx. 557 households or 1.8% of all households.

Refuse Removal

A distinction is made between 'formal' and 'informal' refuse removal. Formal refuse removal occurs when refuse is removed by local authorities. Informal refuse removal occurs when refuse is removed either by the community, by the individual household or if there is no refuse removal. These broad categories are used to split access to refuse removal further according to the frequency with which it is removed. The final categories of refuse removal are as follows:

- Formal
 - Removed weekly by authority
 - Removed less often than weekly by authority
- Informal
 - Removed by community members
 - Personal removal (own dump)
 - No refuse removal

Access to formal refuse removal implies that refuse is removed by a local authority – this includes removal by private sector companies. The share of households with access to formal refuse removal refers to the percentage of all households in the region that have access to this service. If a household does not have access to these services they are classified as not having access to formal refuse removal. This is known as the refuse removal backlog.

GRAPH 26: PERCENTAGE HOUSEHOLDS PER REFUSE REMOVAL SERVICE: SALDANHA BAY

In Saldanha Bay the percentage of households with formal refuse removal services was 97.7% in 2014. This is an improvement from 93.9% in 1996. The majority of households (97.3%) receive a weekly refuse removal service from the municipality.

The current refuse removal backlog amounts to approx. 698 households or 2.3% of all households. It is estimated that a large proportion of these households are located in non-urban areas of the municipality, where refuse removal is not expected to be undertaken by the municipality.

Concluding Remarks

From the perspective of the provision of household infrastructure the Saldanha Bay Local Municipality exhibits the following Strengths and Weaknesses:

STRENGTHS

- The infrastructure index of 0.91 in 2014 is substantially higher than the national average of 0.72
- The provision of Water, Sanitation, Electricity and Refuse Removal traditionally where at high level and has been maintained
- The municipality has performed better than the district with regards to the provision of Sanitation, Water, Electricity and Refuse Removal
- The number of households with a level of service at RDP level or higher (90.8%) is higher than the number of households with income exceeding the R 30 000 p.a bracket (86.5%).

WEAKNESSES

- Informal dwellings increased from 9.1% in 1996 to in 16.5% 2014
- The Housing backlog has increased and currently amounts to approx. 5 500 units
- The very high growth in household formation in the municipality challenges the municipality's ability to provide infrastructure and services
- The high unemployment level should put pressure on affordability going forward.

5. Historical Financial Overview

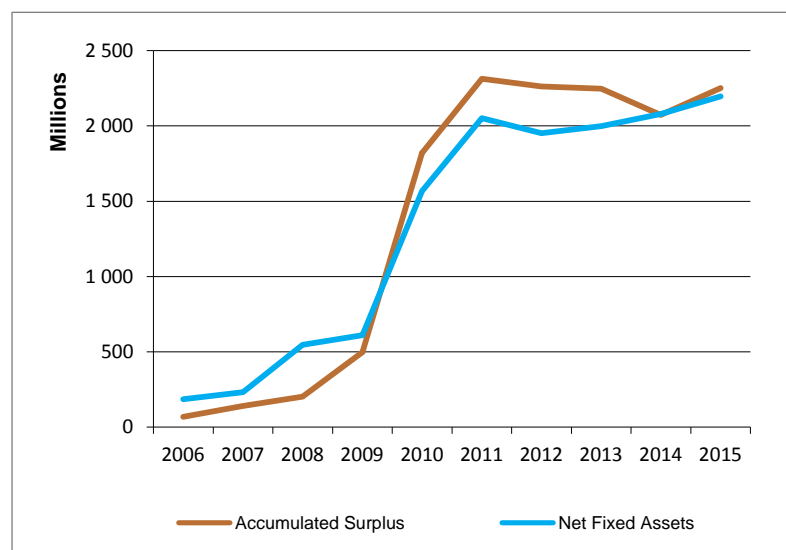
To understand the present financial position of Saldanha Bay, the actual historical financial performance has been assessed which provides the required foundation to critically review the assumptions made in the Concept Budget for 2015/16 (projected operational and capital budgets).

This section documents the actual financial performance (trend analysis) of Saldanha Bay over a 10-year period from 2005/06 to 2014/15. It is noted that during this period Saldanha Bay adjusted and aligned their accounting practices in accordance with the Generally Recognised Accounting Practice (GRAP), and it is taken into consideration that this may at time impact on the annual comparison of financial performance.

For purposes of this report, financial information was reflected per annum as per the audited annual financial statements and comparative restated figures were taken into account only in the latest financial year ending 30 June 2015.

Statement of Financial Position

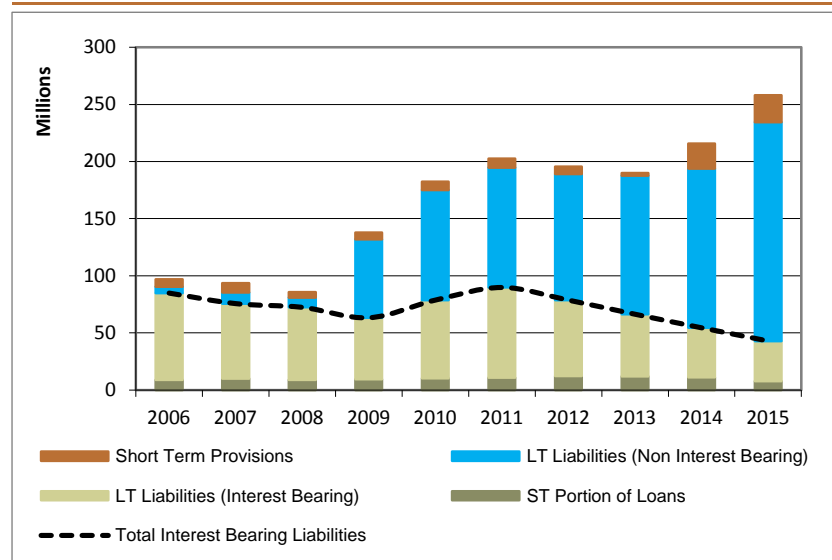
GRAPH 27: NET FIXED ASSETS VS. ACCUMULATED SURPLUS



Accumulated Surplus (AS) and Net Fixed Assets (NFA) had been growing moderately between financial years ending (FYE) 2005 and 2009. However, following the implementation of the Generally Recognised Accounting Standards (GRAP) – the two balance sheet items showed dramatic increases of R 1 815 million and R 1 440 million respectively for AS and NFA in FYE2010 - 2011 (**see Graph 27**). This follows significant GRAP adjustments with regard to Land and Buildings as well as Infrastructure items. Apart from net surpluses or deficits posted by Saldanha Bay on a yearly basis - movements in the Accumulated Surplus (AS) account mirror changes in amounts with respect to Net Fixed Assets (NFA –net-off

depreciation). Hence AS line is closely linked to the NFA line.

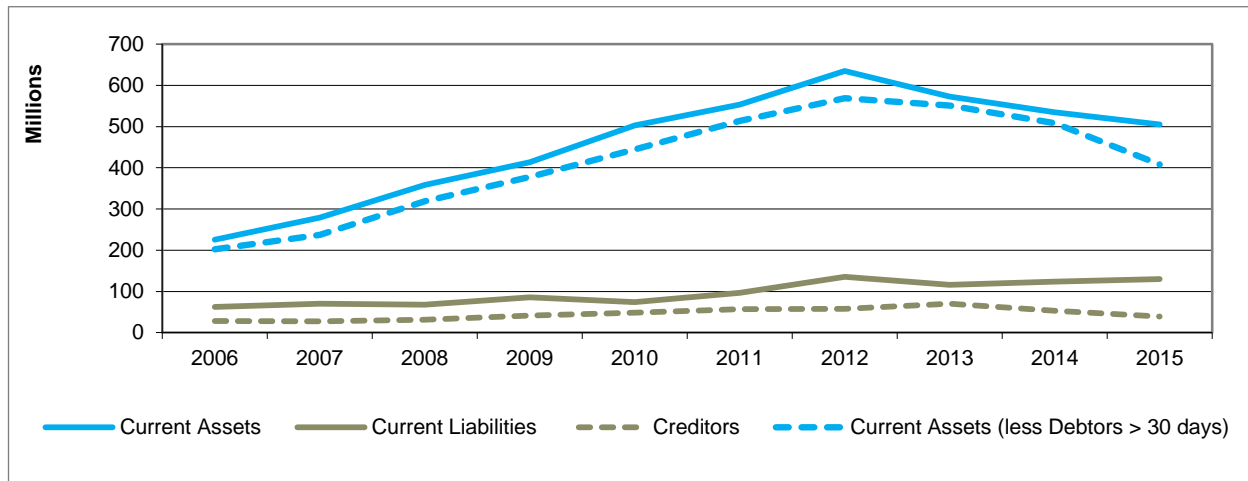
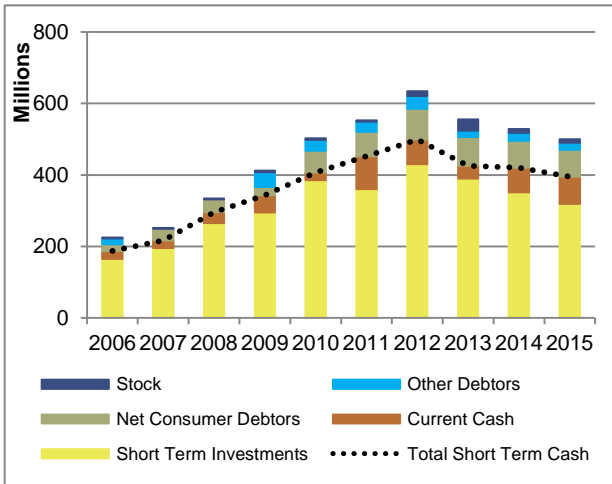
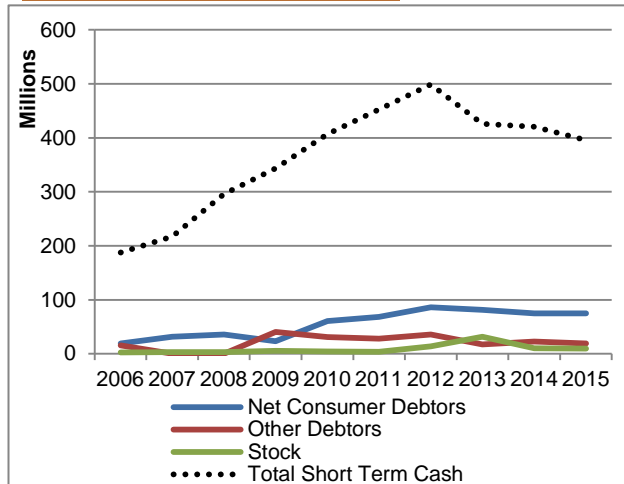
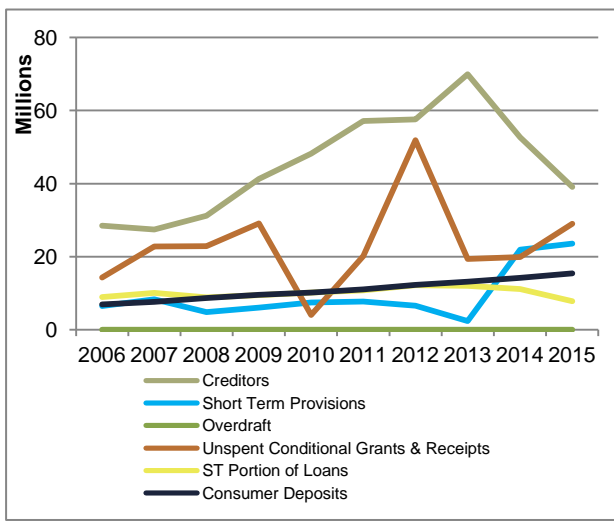
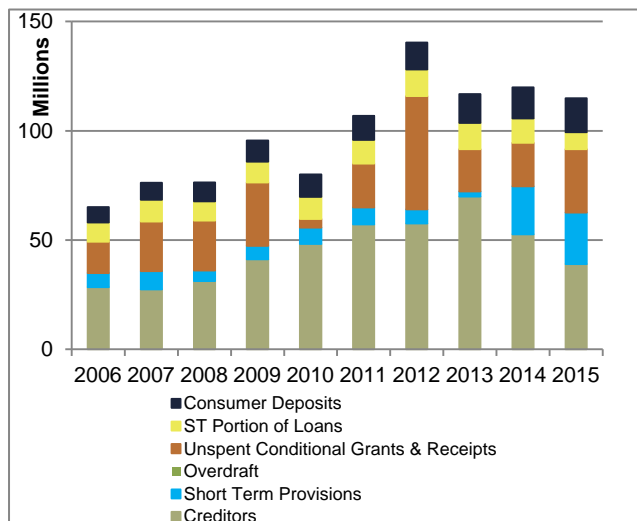
Following substantial increases in FYE's 2010 – 2011, AS and NFA moderated to R 2 263 million and R 1 953 million respectively as more fixed assets had been properly valued in the succeeding financial years. The two balance sheet items had thus gradually increased in the next three financial years ending 30 June 2015 and totalled R 2 251 million (AS) and R 2 195 million (NFA).

GRAPH 28: LONG TERM LIABILITIES INTEREST BEARING VS. NON-INTEREST BEARING

Whilst Long Term (LT) Interest-Bearing Liabilities had decreased considerably over the ten year period under review – the opposite held for Non-Interest Bearing Liabilities since the introduction of GRAP Standards (**see Graph 28**). Non-Interest Bearing Liabilities such as Post-Employment Benefits and Land Rehabilitation Estimates has increased significantly since FYE2008 (R 9 million) and amounted to R 192 million at FYE2015. These liabilities call for a continuous monitoring by Saldanha Bay and a viable funding plan that will ensure that cash resources are available to defray the liabilities whenever they fall due.

It is nonetheless positive to note that the Short-Term Provisions have been minimal over the years, albeit with noticeable increases in the last two financial years. The relatively low level of Short-Term Provision means that Saldanha Bay has less cash requirements with regard to its Statutory Liquidity Obligations.

The decrease of the municipality's LT Interest Bearing Liabilities, notwithstanding the significant growth in capital investment program since FYE2008 - reflects Saldanha Bay's capacity to generate high levels of cash flows necessary to fund capital expenditure, without a major impact on the municipality's Liquidity Levels.

GRAPH 29: CURRENT ASSETS VS. CURRENT LIABILITIES**Benchmark 2:1****GRAPH 29B: CURRENT ASSETS****GRAPH 29C: CURRENT LIABILITIES**

Current Assets (CA) have increased significantly since FYE2006 and peaked at R 635 million in FYE2012, leaving a strong liquidity buffer over and above Current Liabilities (CL) of R 135 million (**see Graphs 29 A – C**). FYE2012 also saw a corresponding peak in CL's at R 135 million, driven by Unspent Conditional Grants & Subsidies. However the level of Current Liabilities was very minimal – hence the Current Ratio was still maintained at a high 4.7:1 at the end of that period.

It is positive to note that the level of Unspent Conditional Grants has reduced in the last three years and stood at R 29 million as at 30 June 2015, compared to R 52 million in FYE2012. This is a consequence of proper financial planning and effective implementation of infrastructure projects.

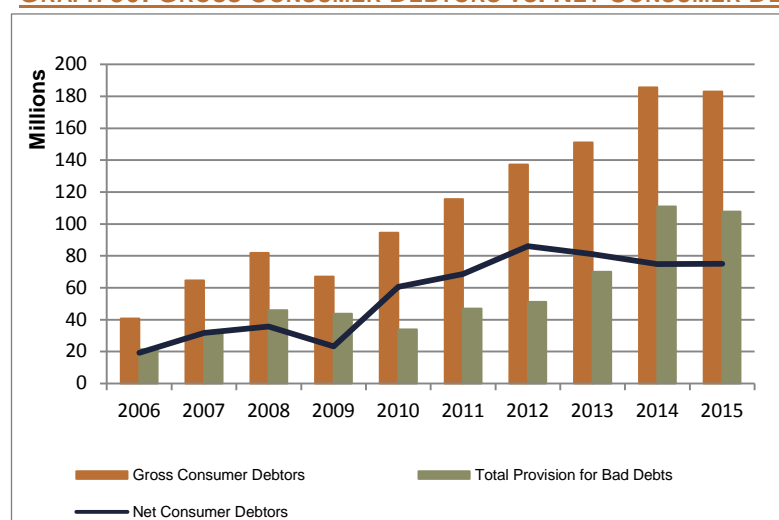
Following the decreasing trend in the municipality's indebtedness, Short Term Portion of Loans started to reduce in FYE2013 and it amounted to only R 8 million, contributing towards lower Current Liabilities of R 130 million as at 30 June 2015, compared to the CL's peak at R 135 million in FYE2012. The containment of Short Term Financial Obligations by Saldanha Bay over the 10 year period has demonstrated good cash flow management that is geared towards financial sustainability of the municipality in the future.

TABLE 10: LIQUIDITY RATIOS

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Current Assets: Current Liabilities	3.60	4.00	5.28	4.82	6.77	5.75	4.69	4.95	4.33	3.90
Current Assets less Debtors > 30 days: Current Liabilities	3.2	3.4	4.7	4.4	6.0	5.3	4.2	4.8	4.1	3.1

Saldanha Bay has been able to manage its liquidity well over the last 10 years and ensured that current liabilities were adequately covered by current liabilities (**see Table 10**). Due to the relatively low level of Current Liabilities and consistent strong cash flow levels, the ratio of Current Assets to Current Liabilities has been very high, even if only 30 days of debtors was taken into account.

Saldanha Bay recorded a peak of 6.77:1 with respect to the Current Ratio in FYE2010, following the significant reduction (-25%) in capex to R 63 million, which enabled the municipality to prop-up its Cash Reserves to R 407 million, from R 344 million in FYE2009. Despite decreasing considerably in the last five financial years ending 30 June 2015 due to funding the bulk of capex program from Own Cash Reserves - Saldanha Bay's Current Ratio still remained high, owing to a strong cash flow generation capacity.

GRAPH 30: GROSS CONSUMER DEBTORS VS. NET CONSUMER DEBTORS

Apart from the FYE2009 in which Gross Consumer Debtors (GCD) decreased substantially due to a significant write off of bad debts - FYE2006 – 2014 showed a growing trend in GCD (**see Graph 30**). With an average annual growth rate of 21%, GCD has increased significantly over the 10 year period and needs attention. It is nonetheless positive that GCD decreased slightly by 2% in FYE2015, from the previous year – following a limited write off of R 11 million. This implies that Saldanha Bay had efficient operations in the year ending 30 June 2015, with revenue collection increasing to a higher 98% (**see Table 11**). Nevertheless, it will be beneficial for Saldanha Bay to review its

Credit Policy with a view to strengthening controls that are necessary to sustain high Payment Levels in the future.

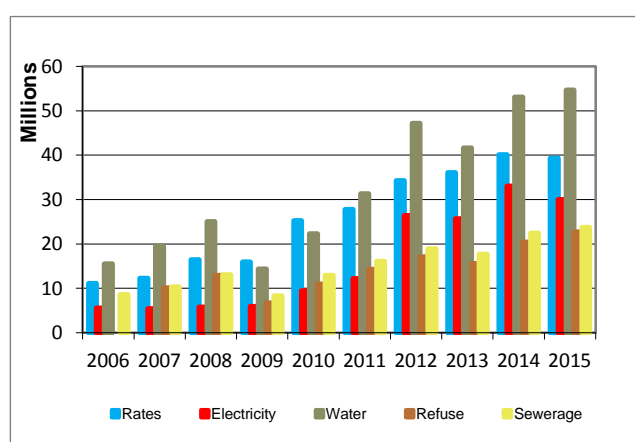
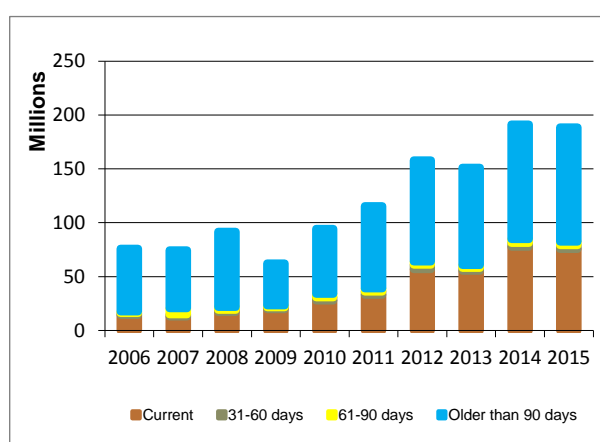
In FYE2009 payment levels dropped significantly to 86%, from 90% in the prior year – mainly due to the contraction of the macro-economy during the country's economic crisis. This caused job losses for some consumers with a consequent inability to pay for municipal services (**see details on the next page**).

Provision for Doubtful Debtors was for the most (seven years) part, insufficient to cover debtors greater than 90 days but it has significantly improved in the last two years and exceeded 100% of debtors older than 90 days. This has prompted Net Consumer Debtors (NCD) to taper off, since FYE2012.

TABLE 11: DEBTORS RATIOS

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Increase in Billed Income p.a. in Million		28.12	4.56	49.89	76.06	58.51	61.66	14.58	50.34	34.53
% Increase in Billed Income p.a.		13%	2%	20%	25%	16%	14%	3%	10%	6%
Gross Consumer Debtors Growth	19%	58%	27%	-18%	41%	22%	19%	10%	23%	-2%
Payment Ratio	96%	89%	92%	89%	92%	94%	95%	100%	92%	98%

Gross Consumer Debtors showed high levels of growth in FYE2006 – 2008 & from FYE2010 – 2014 and this is explained by lower Payment Levels during the same period (**see Table 11**). The significant drop of 18% in FYE2009 emanates from the write-off of Doubtful Debtors totalling R 46 million. It is nonetheless positive to note that Gross Consumer Debtors had reduced as at 30 June 2015, due to the improved Revenue Collection of 98%.

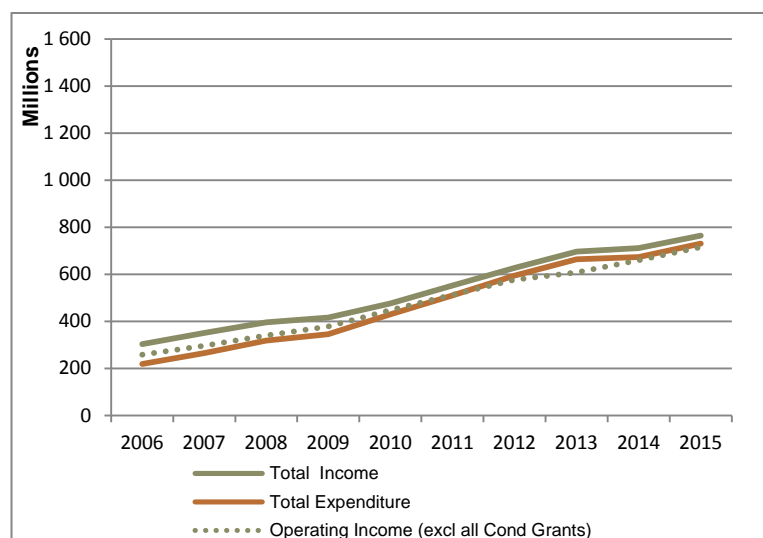
GRAPH 31: CONSUMER DEBTOR BY TYPE**GRAPH 31: CONSUMER DEBTOR AGE ANALYSIS**

Graph 34 indicates that Water Services is the primary contributor to the overall outstanding debtors. Notwithstanding that it is the main source of revenue - Electricity Services had the 3rd most delinquent consumers after Property Rates. As anticipated, the bulk of these delinquencies are with respect to Debtors Outstanding for > 90 Days (**see Graph 31**).

Our analysis of Formal Sector Employment in **Chapter 3** of this report also reflects that the local economy of Saldanha Bay shed 251 jobs during the economic downturn in 2009, bringing formal employment down to 31 545. Although the local economy continued to further shed jobs in 2010, this was just a smaller dent of 13 in the labour force. This therefore supports our rationale behind increasing delinquencies in 2009 (incl. write offs) & 2010. Whilst Saldanha Bay did well in increasing (100% of debtors outstanding for > 90 days) the Provision for Doubtful Debtors in the last two financial years ending 30 June 2015 – a comprehensive review of the municipality's Credit Policy is of paramount importance to identify areas that need improvements or strengthening with a view to sustaining high revenue collection levels.

Statement of Financial Performance

GRAPH 33: TOTAL INCOME VS. TOTAL EXPENDITURE



Saldanha Bay has recorded steady growth in both Total Income and Total Expenditure over the ten year period under review. Growth levels in both operating activities were closely linked, with income and expenditure reflecting annual average growth rates of 13% and 14% respectively. The municipality has managed to contain spending activities within the realm of revenue streams throughout the entire 10 year period. FYE's 2006 – 2009 saw Saldanha posting relatively high surpluses – hence a wider gap for the same period in **Graph 33**. Comparatively low surpluses nonetheless started to show from FYE2010 – FYE2015 (**see Table 12**) and this is largely due to the implementation of GRAP Standards that

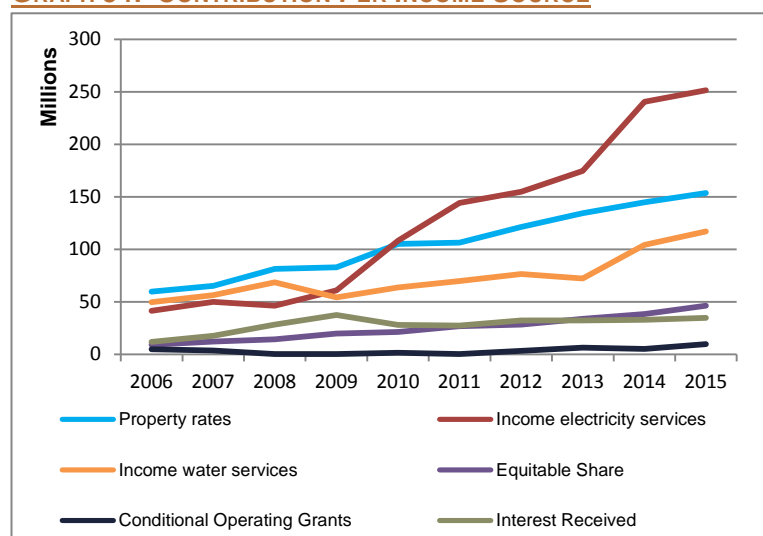
resulted in the recording of accelerated Depreciation and other impairments on fixed assets. Despite the rapid increase in these expenditure items, Saldanha Bay was still able to maintain Total Expenditure below Total Income, albeit by a lower margin.

Saldanha Bay has been able to keep Operating Income (excl. all Conditional Grants) at least in line with Total Expenditure and this was mainly due to the fact that Saldanha received low Conditional Operating Grants, which averaged R 4 million per annum. It was only in FYE2013 when Total Expenditure exceeded Operating Income, following substantial increases in Debtors Impairment (158%), Repairs & Maintenance (23%) and General Expenses (40%).

TABLE 12: ANALYSIS OF SURPLUS

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total Accounting Surplus (Deficit)	84.63	86.60	77.02	69.79	46.52	42.67	32.97	32.76	38.49	33.60
Cash Operating Surplus / (Deficit)	2.93	60.26	94.07	58.05	77.98	96.74	105.83	17.47	64.12	57.97

When looking at the Cash Operating Surplus, it is clear that Saldanha Bay has performed largely better than what is reflected by Total Accounting Surplus (**see Table 12**). The fluctuating annual Cash Operating results are closely linked to the municipality's annual Capital Expenditure (**see Graph 38**). Apart from FYE's 2009 & 2010 wherein significant amounts of Borrowings were utilised as part of the Capex Funding Mix – Saldanha Bay realised more Cash Operating Surplus in the years it reduced capex and vice versa. This reflects the inherent challenge associated with funding capex without an Optimal and a Balanced Mix of Borrowing to ensure consistent and growing Cash Operating Surplus and this also explains why the Cash & Cash Equivalents decreased considerably in the last three financial years ending 30 June 2015 (**see Graph 41**).

GRAPH 34: CONTRIBUTION PER INCOME SOURCE

Like most local municipalities in the country that deliver a complete package of services to consumers – Saldanha Bay’s annual sources of revenues comprise Property Rates, Electricity Services, Water Services, Interest Received and Operating Grants & Subsidies. The latter is split into Equitable Share and Conditional Grants (see **Graph 34**). The contribution by Equitable Share (ES) ranged between 4 and 6%, with an annual increase of one percentage point being recorded in the last three years ending 30 June 2015. Conditional Operating Grants’ (COG) contribution on the other hand, was generally minimal – mostly representing just one percent of Operating Income. FYE’s 2006 – 2009 saw Operating Income being dominated by Property

Rates at an average of 22%, with Water Services and Electricity Services coming second and third, respectively at averages of 19% and 16%. In FYE2010, the composition of revenue drivers changed and the contribution by Electricity Services increased substantially to 24%, following the high Eskom Tariff increases in the same period. Income from Electricity Services has since grown significantly and become a dominating revenue source for Saldanha Bay, and constituted an average of 28% in the last five years ending 30 June 2015.

TABLE 13: CONTRIBUTION PER INCOME SOURCE

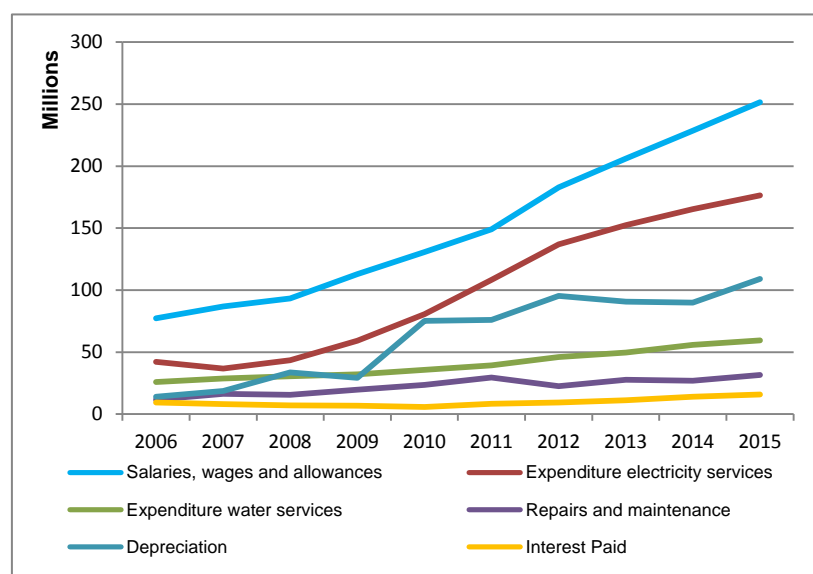
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Equitable Share	3%	4%	4%	5%	5%	5%	5%	6%	6%	6%
Conditional Operating Grants	2%	1%	0%	0%	0%	0%	1%	1%	1%	1%
Property Rates	23%	22%	24%	22%	23%	21%	21%	22%	22%	21%
Electricity Services	16%	17%	14%	16%	24%	28%	27%	28%	36%	35%
Water Services	19%	19%	20%	14%	14%	14%	13%	12%	16%	16%
Interest on investments	5%	6%	8%	10%	6%	5%	6%	5%	5%	5%

Whereas Water Services took the third spot with regard to contribution to Operating Income as a result of the changes in FYE2010 – the contribution by Interest Income decreased noticeably from 10% in FYE2009 and represented 5% of Operating Income in the last three financial years ending 30 June 2015 (see **Table 13**). The reduced contribution in Interest Income was as a result of lower Short-Term Investments which decreased to R 319 million in FYE2015, from a ten-year peak of R 430 million in FYE2012. The decrease cannot be attributed to a decrease in interest rate only. The interest rate movements from 2012 to 2015 have shown a net increase.

TABLE 14: ANNUAL INCREASE PER INCOME SOURCE

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Equitable Share	111%	35%	17%	38%	6%	26%	6%	19%	13%	20%
Property Rates	16%	9%	25%	2%	27%	1%	14%	11%	8%	6%
Electricity Services	8%	20%	-7%	32%	77%	33%	7%	13%	38%	5%
Water Services	20%	13%	-9%	6%	17%	10%	9%	-5%	44% ²	12%
Interest on investments	47%	48%	58%	33%	-25%	-3%	18%	0%	2%	5%
Average Inflation %	3.24%	6.17%	10.04%	7.26%	4.10%	5.01%	5.75%	5.77%	5.90%	4.55%

Property Rates increased significantly by 27% to R 105 million in FYE2010 on the back of General Valuations that came into effect on 1 July 2009 (**see Table 14**). The 77% increase in Electricity Income in FYE2010, which is directly linked to the high Eskom Tariff increases, together with the high Property Rates - had a negative impact on consumers' affordability, with Gross Consumer Debtors growing by a high 41% to R 94 million as at 30 June 2010, hence a lower payment level of 90%, albeit improving from the level of 86% recorded during the 2009 economic recession. The income from Property Rates and Electricity Services have continued to grow since FYE2010 and contributed substantially to Operating Income although at considerably lower growth levels than observed during a structural shift with regard to electricity services in FYE2010. Growth rates in Equitable Share were higher than inflation whereas increases in Interest Income had moderated to lower single digits in the last two financial years.

**GRAPH 35: CONTRIBUTION PER EXPENDITURE ITEM**

Following the implementation of GRAP Standards in FYE2010 – a fundamental change with respect to the increase in contribution to Total Expenditure by Depreciation was noticeable (**see Graph 35**). The acceleration of Depreciation also contributed significantly to the reduction of Total Surpluses in the financial years beyond 2010. High Eskom tariff increases in FYE2010 also fed through the overall cost of electricity distribution, with a consequent increase in contribution to an annual average of 23% in FYE 2011 – 2015, compared to an average of 17% in FYE2006 - 2010 (**see Table 15**). The ratio of Staff

Costs to Total Expenditure averaged 32% for the ten year period under review notwithstanding the increased ratio of 34% reflected in the last two financial years ending 30 June 2015.

² The annual average increase of water services income between 2013 and 2015 is 19% p.a. based on the audited AFS. However, in 2014 the "Restated" figures were used in the analysis which distorts the percentage increase.

TABLE 15: CONTRIBUTION PER EXPENDITURE ITEM

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Salaries, wages , allowances	35%	33%	29%	33%	30%	29%	31%	31%	34%	34%
Electricity services	19%	14%	14%	17%	19%	21%	23%	23%	25%	24%
Water services	12%	11%	10%	9%	8%	8%	8%	7%	8%	8%
Repairs & maintenance	5%	6%	5%	6%	5%	6%	4%	4%	4%	4%
Depreciation	6%	7%	11%	8%	17%	15%	16%	14%	13%	15%
External Interest Charged	4%	3%	2%	2%	1%	2%	2%	2%	2%	2%

The amount of funds spent by Saldanha Bay on Repairs & Maintenance was generally inadequate and its proportion to Total Expenditure deteriorated to 4% in the last four financial years ending 30 June 2015. Constituting a mere 1% of the carrying value of Property Plant & Equipment (PPE) – the amount of money spent on Repairs & Maintenance is very little compared to the National Treasury's (NT) norm of 8%. There were no major shifts with respect to the proportions of Water Services Expenditure and Interest Charged, with the two expenditure items' ratios averaging 8% (Water Services) and 2% (Interest Charged) in the second-half of the ten year review period (see Table 15).

TABLE 16: ANNUAL INCREASE PER EXPENDITURE ITEM

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Salaries, wages, allowances	7%	12%	7%	21%	16%	14%	23%	13%	11%	10%
Staff Productivity	4	4	4	4	4	4	3	3	3	3
Electricity services	21%	-13%	19%	36%	36%	34%	27%	11%	8%	7%
Water services	28%	11%	6%	5%	11%	10%	17%	8%	12%	7%
Repairs & maintenance	10%	41%	-5%	26%	19%	26%	-24%	23%	-2%	17%
Depreciation	-29%	34%	81%	-13%	156%	1%	26%	-5%	-1%	21%
External Interest Charged	-6%	-16%	-12%	-4%	-13%	42%	12%	21%	24%	13%

Staff Costs has increased significantly in FYE2009 – 2012, averaging 18% per annum and this has prompted the Staff Productivity (Total Income/Staff Costs) level to decrease to 3 in the last four years ending 30 June 2015, from 4 in the preceding financial years (see Table 16). The drop in staff efficiency levels was also influenced by the fact that growth in Revenue levels was comparatively low at an annual average growth rate of 14% (Staff Costs' rate – 18%) in the same period and even dropping further to 9% in the last four years ending 30 June 2015. Whilst the bulk of annual salary increases are beyond the municipality's control (via Unions/Bargaining Council) – viable plans should be made to ensure that there are adequate Productivity Levels.

Concomitant with high Eskom Tariffs, substantial annual increases in Electricity Costs were noticeable in FYE2009 – 2012 and the high tariffs were responsible for Electricity Purchases to accelerate to R 137 million in FYE2012, from R 59 million in FYE2009 (see Table 16). Although there were no significant annual increases in Expenditure on Water Services, compared to that of Electricity Services – Saldanha Bay was very efficient with respect to the

provision of Water Services, with annual surplus margins averaging a high of 45% over the ten year period whereas that of Electricity Services was lower at 19%. The good performance in Water Services is also supported by relatively low levels of Water Losses 14% (National Treasury Norm: 15 – 30%) in FYE2015 and 17% in FYE2014. Notwithstanding lower surplus margins - Electricity Losses were also low, after improving to 9% in FYE2015, from 11% in FYE2014.

Annual average increases in Repairs & Maintenance appeared sufficient at 19% in FYE2006 - 2015. However, with Net Fixed Assets accelerating at an average of 83% per annum in FYE2008 - 2011 – the absolute value of annual amounts spent on Repairs & Maintenance were clearly too little, hence the proportion to Net Fixed Assets has remained unchanged at only 1% (NT Norm – 8%) as at 30 June 2015, since FYE2010. This was still the case even if high Depreciation rates of 81% and 156% were recorded in FYE2008 and FYE2010 respectively. In line with low levels of Financial Leverage – Interest Charged increased at an average of only 4% per annum over the ten year period under review, despite a significant increase in Borrowings in FYE2010 – 2011.

TABLE 17: GRANT DEPENDENCY

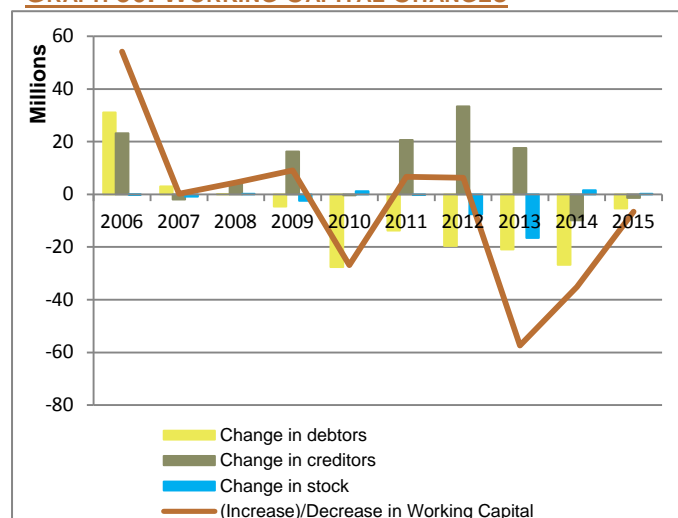
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total Grants	18.05	53.29	53.29	52.49	45.67	62.09	74.31	122.84	90.84	95.14
Total Revenue	303.71	351.82	396.00	415.99	476.64	553.18	627.92	696.97	711.72	764.48
Total Grants/ Total Revenue	6%	15%	13%	13%	10%	11%	12%	18%	13%	12%

Table 17 shows that Total Grants to Total Revenue averaged 13% per annum over the ten year period under review and the ratio has been consistently below 20% in each of the ten financial years. This suggests that Saldanha Bay has a high level of Own Revenue Flexibility and consequently, in comparison to other municipalities, does not depend heavily on Grant Funding. However, the comparatively high population growth and unemployment rate would increase grant dependency in future.

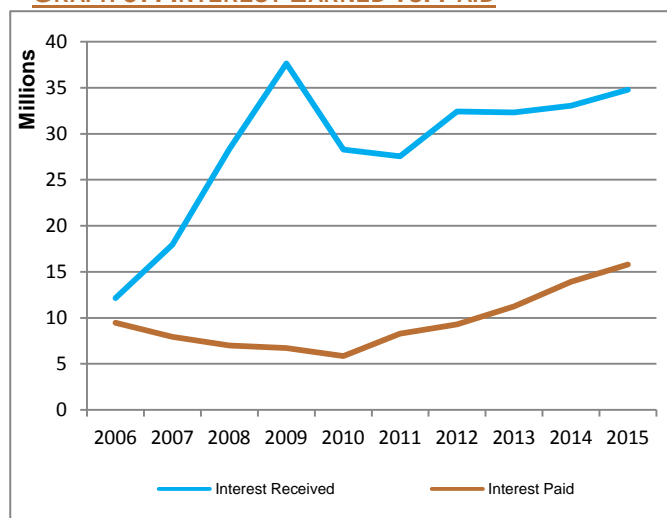
Cash Flow Statement

In this section it is important to ascertain whether Saldanha Bay generates surplus cash from its operational activities per annum, as well as to assess to which degree the surplus cash generated is invested back into new Capital Infrastructure and/or reserved in Investments. Further it is to assess the financial resources that are at Saldanha Bay's disposal for investment in Capital Infrastructure and to which degree these resources are optimally leveraged to accelerate service delivery whilst maintaining a financially sound position.

GRAPH 36: WORKING CAPITAL CHANGES



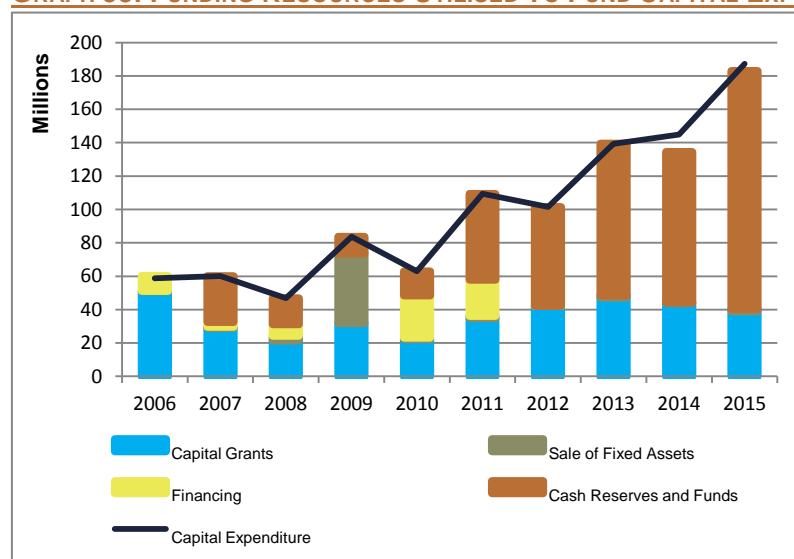
GRAPH 37: INTEREST EARNED VS. PAID



Since the significant increases in Eskom Tariff hikes and in Property in FYE2010 – there has been a noticeable annual negative impact on the Cash Flow (via Working Capital) due to growing Consumer Debtors (**see Graph 36**). The annual shocks were nonetheless not substantial and therefore had a lesser damp on the Liquidity Profile. The larger negative swing in FYE2013 was once-off and directly linked to Housing Top Structures that had not been transferred at the time.

Interest Received had been over and above Interest Paid since the FYE2006 despite dropping significantly in FYE2010 (**see Graph 37**). Interest Paid decreased considerably in line with falling levels of debt in FYE2006 – 2010 but has since increased following the borrowings made in FYE2010 – 2011. The level of Interest Paid to Total Expenditure has nevertheless been low at 2% since the last five years ending 30 June 2015.

GRAPH 38: FUNDING RESOURCES UTILISED TO FUND CAPITAL EXPENDITURE



Capital Expenditure has increased more than three times from R 59 million in FYE2006 to R 187 million in FYE2015 (**see Table 18**). Saldanha Bay's Capital Investment program was largely (51%) financed through Own Funds that were complemented by Capital Grants (36%), with limited (8%) utilisation of Borrowings. Proceeds from the sale of Fixed Assets, amounting to R42 million were used as part of the Capex Funding Mix in FYE2009 and this represented a significant 51% which was crucial in preserving Cash Reserves that were necessary to support Liquidity in that year. Saldanha Bay's Capital Investment Strategy throughout the 10 year period under review seemed viable as it still allowed the

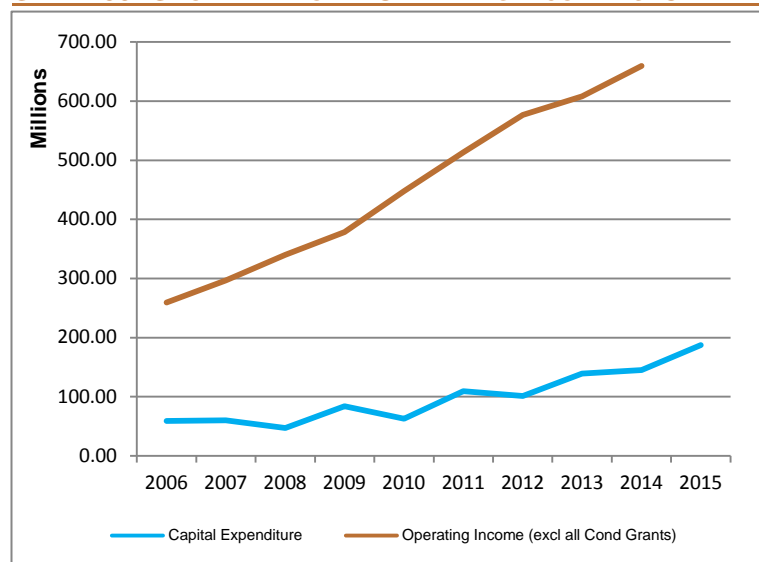
municipality to maintain a robust Liquidity Profile as at 30 June 2015, notwithstanding the noticeable reduction in that period. The Capex grew in two-year Up & Down stages and in order to grow from one level to the next – the Down stage in any given year has always been higher than the previous one (*see the zigzagged Black Capex Line in Graph 40: FYE2007 – 2015*). This strategy employed by Saldanha Bay ensured that the municipality is allowed to consolidate its finances in the following financial year, soon after incurring a significant Capital Expenditure in the year before.

TABLE 18: ANNUAL CAPITAL FUNDING MIX

Million	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Capital Grants	50.90	28.89	21.47	31.89	22.26	34.79	42.13	47.23	43.94	38.96
Sale of Fixed Assets	0.21	0.81	2.84	41.66	0.92	1.49	0.07	1.27	0.21	1.46
Financing	64.74	0.00	7.01	0.00	25.26	21.63	0.04	0.00	10.59	4.24
Cash Reserves & Funds	0.00	30.36	15.53	10.11	14.50	51.48	59.23	90.87	90.19	142.52
Capital Expenditure	58.84	60.06	46.85	83.66	62.93	109.39	101.47	139.37	144.93	187.18

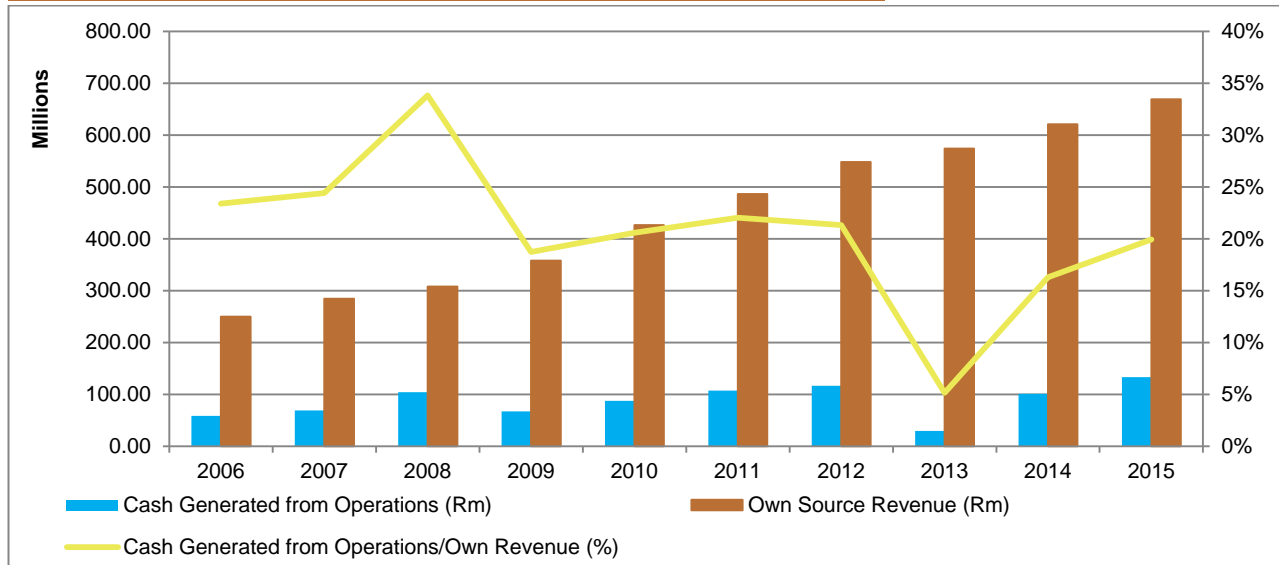
A Capex Funding Mix which leverages a lot of Own Funding, utilising limited Capital Grants and completely disregarding Borrowing – is likely not sustainable in the future as it steadily erodes the Cash Buffer required to strengthen Liquidity. In order to reduce such a risk – it would be beneficial for Saldanha Bay to consider reviewing its Borrowing, Funds and Reserve Policy as well as Liquidity Policy, with an aim to have a coordinated Policy Framework that harmonises the overall development of the municipality in a financially sustainable manner.

GRAPH 39: GROWTH IN TOTAL OPERATING INCOME VS. CAPITAL EXPENDITURE

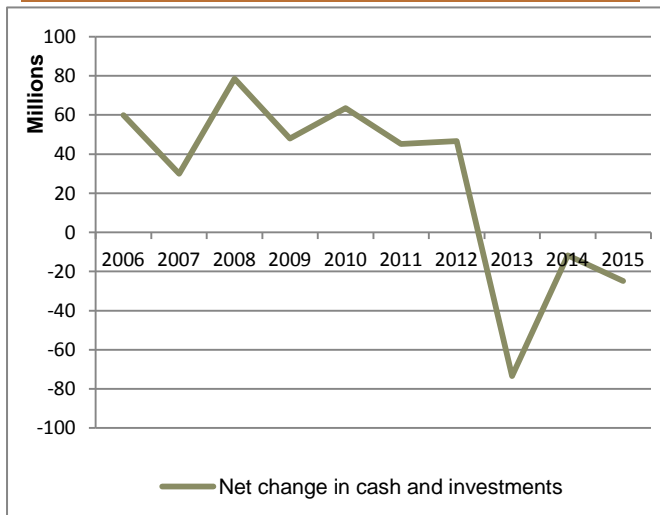
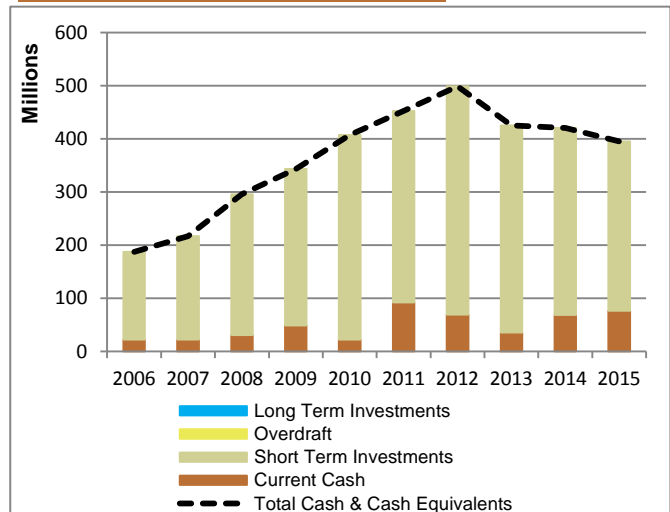


Saldanha Bay's Total Operating Income (TOI) increased significantly in the last 10 years; from R 259 million in FYE2006 to R 716 million in FYE2015 (*see Graph 39*). This represents a considerable average annual growth rate of 13%. Substantial increases in Equitable Share, averaging 20% per annum ensured that there was a widening gap between Operating Income and Capital Expenditure - apart from the fact that Electricity Services and Property Rates contributed significantly to Operating Income. Despite Capital Expenditure growing considerably over the 10 year period – the strategy employed by Saldanha Bay with respect to its Capital Investment program was also helpful for the municipality to contain the capex

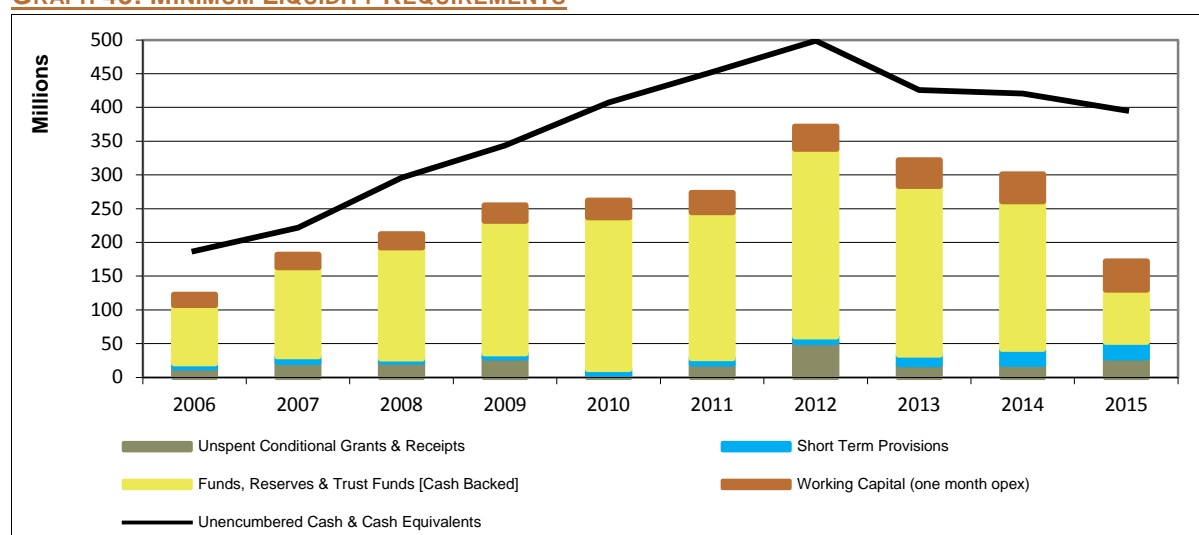
within the realm of revenue generating capacity. Resulting from this configuration also, was the successful recording of surpluses throughout the 10 year period – although considerable reductions were noticed in since FYE2008.

GRAPH 40: CASH GENERATED FROM OPERATIONS/OWN SOURCE REVENUE

Saldanha Bay has been able to post a positive Cash Generated from Operations throughout the ten year period under review. Nonetheless, the amount of Cash Generated from Operations was low in FYE2009, compared to that of the prior year (**see Graph 40**) and this was mainly due to higher increases in Staff Costs and in Electricity Purchases of 21% and 36% respectively. Furthermore, with an increase of only 5% in Cash Receipts in FYE2013, the municipality recorded a ten-year low of R 29 million in Cash Generated from Operations, following a higher increase of 25% in the corresponding Cash Payments. The lower increase in Cash Receipts is equal to the Operating Revenue growth recorded for the same period.

GRAPH 41: NET CHANGE IN CASH AND INVESTMENTS**GRAPH 42: CASH AND INVESTMENTS**

Graph 45 reflects Saldanha Bay's Total Cash & Equivalents level with regards to each of the 10 financial years under review and it is the exact consequence of what happened in **Graph 41**. The municipality experienced steady growth in Cash & Equivalents in FYE2006 – 2012. Following the acceleration of capex by 37% to R 139 million in FYE2013, Saldanha Bay's Cash & Equivalents dropped to R 426 million in the same financial year, from R 499 million in FYE2012. The reduced Cash & Equivalents are also due to the imbalanced Capex Funding Mix which extensively utilised Own Cash Resources, limited Capital Grants and negligible Borrowings. The decrease in Cash & Equivalents did not affect Liquidity Ratio as Unspent Conditional Grants & Subsidies reduced to R 19 million in FYE2013, from R 52 million in FYE2012 – thereby causing Current Liabilities to decelerate respectively to R 129 million, from R 148 million.

GRAPH 43: MINIMUM LIQUIDITY REQUIREMENTS

Saldanha Bay has been able to maintain the Minimum Liquidity Required due to its good cash flow management throughout entire 10 year period under assessment (see Graph 43). This was possible despite that the Funding Mix for Capex largely involved the utilization of Own Cash Resources which proportionally decreased in the last three years ending 30 June 2015. Cash Coverage Ratio (incl. one-month Working Capital) averaged a good 1.4x in FYE2006 – 2014, before strengthening further to a solid 2.3x as at 30 June 2015 (see Table 19). The stronger ratio was mainly achieved following a significant reduction in the Capital Replacement Reserve (CRR) to R 71 million in FYE2015, from R 205 million in the year prior, which consequently adjusted the Minimum Liquidity Required down to R 172 million in FYE2015, from R 301 million respectively.

TABLE 19: MINIMUM LIQUIDITY LEVELS

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Unspent conditional grants	14.32	22.75	22.86	29.05	4.00	20.17	51.85	19.37	19.91	28.98
Short term provision	6.45	8.31	4.83	6.08	8.17	8.07	8.78	14.05	21.87	23.58
Funds, Reserves & Trust Funds [Cash Backed]	86.02	132.15	164.56	196.57	224.92	216.31	278.07	250.01	219.10	77.33
Total	106.79	163.21	192.25	231.70	237.09	244.55	338.70	283.43	260.88	129.88
Unencumbered Cash	187.31	222.02	295.75	343.69	407.18	452.43	499.03	425.63	420.43	395.60
Cash Coverage Ratio (excl. Working Capital)	1.75	1.36	1.54	1.48	1.72	1.85	1.47	1.50	1.61	3.05
Working Capital Provision [1 month Opex]	15.94	18.96	19.94	23.21	24.92	28.94	32.91	38.26	40.10	42.05
Cash Coverage Ratio (incl. Working Capital)	1.53	1.22	1.39	1.35	1.55	1.65	1.34	1.32	1.40	2.30
Minimum Liquidity Required	122.72	182.18	212.19	254.90	262.01	273.49	371.60	321.69	300.97	171.94
Cash Surplus/(Shortfall)	64.59	39.84	83.57	88.79	145.17	178.94	127.43	103.94	119.46	223.66

Whilst Saldanha Bay has demonstrated sound Liquidity Management in the last 10 years – the significant decrease with respect to the CRR in the last three financial years did not reflect viable financial planning as more Own Funds from the CRR would be needed in future to finance capex. This challenge is also linked to the Capex Funding Mix which was not optimal and as a result, could not support necessary annual growth in Cash & Cash Equivalents. As advised previously with regard to a comprehensive and coordinated Policy Framework – in adopting such a strategic tool, Saldanha Bay will be able to prop-up the CRR and this will ensure continuous and efficient plan of Fixed Assets Replacement in the future.

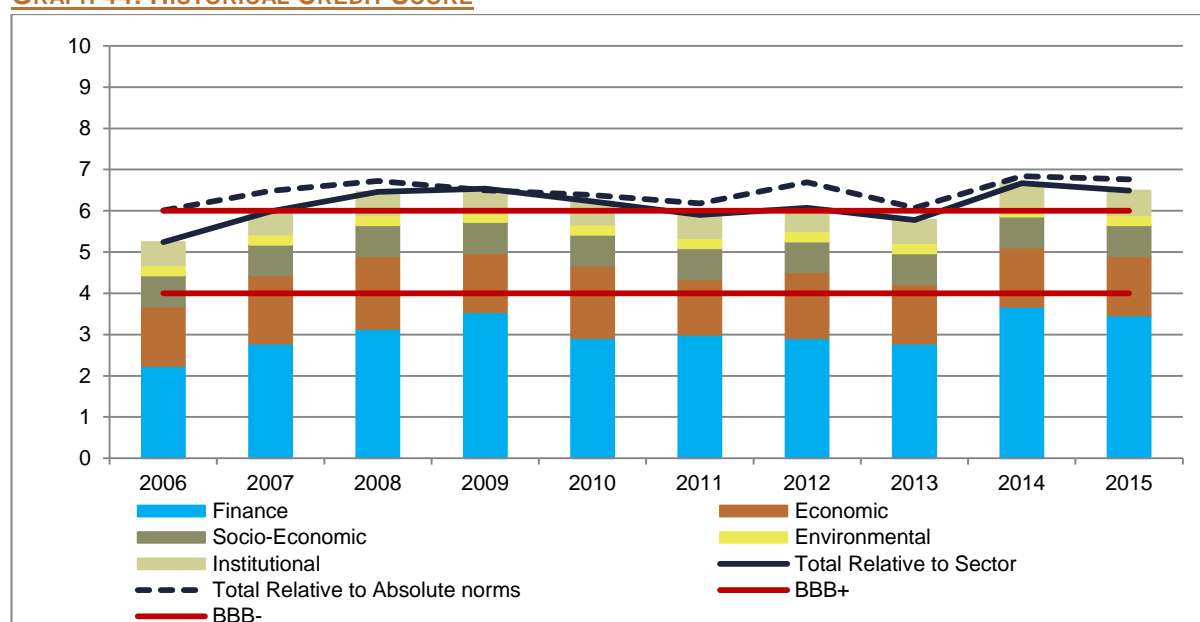
Credit Score

The Model calculates a credit score per annum considering the following factors in order of weighting: Finance, Economic, Institutional, Socio-Economic and Environmental. Although financial performance outweighs the other factors, the other factors are by no means considered less important. Institutional strength and stability is as important to the sustainability of a municipality as is the financial performance as well as a sizeable economic base. The individual credit score for each municipality is calculated through scoring its performance firstly against its peers to derive a relative to sector score and secondly against our own predefined norms to derive an absolute score. The score is totalled out of 10 and is compared to national ratings on the following scale:

8 to 10	AAA+ to AA-	Investment Grade
6 to 8	A+ to A-	Investment Grade
4 to 6	BBB+ to BBB-	Investment Grade
0 to 4	< BB+	Non-Investment Grade

The table above reflects the equivalent credit rating in relation to the score generated by the IPM Credit Model.

GRAPH 44: HISTORICAL CREDIT SCORE



Looking at **Graph 44**, it is clear that at a minimum, Saldanha Bay remained well above the Investment Grade (BBB- to BBB+) throughout the entire 10 year period under review and consequently Saldanha Bay will be considered a solid Investment Grade by Financial Institutions. FYE2008 – 2010 saw the municipality's Credit Score strengthening and breaking into the Higher Investment Grade (A- to A+) following good financial performance, which benefited from moderate growth with respect to Saldanha Bay's Capital Investment Program. However, during FYE2011 – 2013, Saldanha Bay's Credit Score deteriorated moderately and regressed back to the BBB Investment Grade due to minor fiscal tensions brought about by the municipality's aggressive capex program. This has also impacted negatively on the Current Assets to Current Liabilities Ratio which dropped to 5x in FYE2013, from a 10 year peak of 7x in FYE2010. Saldanha Bay was able to improve and strengthen its financial performance in the last two financial years ending 30 June 2015 and has for the second time broken into the Single A Investment Grade. The improved performance is owed to the containment of Cash Operating Costs that was influenced by a slower (3% average per annum) growth in payments to suppliers in FYE2014 – 2015, compared to an annual average of 25% in FYE2011 – 2013.

In order to continue maintaining the higher Credit Rating in the range of A- to A+, Saldanha Bay should follow recommendations made thus far with regard to better alignment of resources utilised to fund the municipality's Capital Investment Program in the future. The Long Term Financial Plan (Phase 2) will also benefit the municipality with respect to outlining a viable and effective Fixed Assets Replacement plan.

TABLE 20: FINANCIAL PERFORMANCE & CASH FLOW - ABRIDGED ANNUAL FINANCIAL STATEMENTS

Financial Performance as at 30 June	2015	2014
Service Charges	441.83	416.78
Property Rates	150.86	144.83
Government Grants & Subsidies	95.14	90.84
Other Income	76.65	59.27
Total Revenue	764.48	711.72
Salaries, Wages and Allowances	251.39	228.62
Bulk Purchases	235.98	221.09
Depreciation	108.97	89.85
Repairs and Maintenance	31.47	26.99
Finance Charges	15.78	13.91
Other Expenses	86.24	91.37
Total Expenditure	729.83	671.83
Total Surplus	34.65	39.89

Cash Flow Statement as at 30 June	2015	2014
Cash Receipts	770.25	698.64
Cash Payments	-597.88	-553.45
Net Cash Flow from Operating Activities	172.37	145.19
Purchase of PPE	-185.36	-143.37
Proceeds from Sale of PPE	1.45	0.21
Purchase of Intangible Assets	-1.82	-1.68
Net Cash Flow from Investing Activities	-185.73	-144.84
Repayment of Debt	-11.47	-12.18
Net Cash Flow from Financing Activities	-11.47	-12.18
Net Increase/Decrease in Cash & Cash Equivalents	-24.83	-11.83
Cash & Cash Equivalents at Beginning of Year	420.42	432.25
Cash & Cash Equivalents at End of Year	395.59	420.42

TABLE 21: BALANCE SHEET - ABRIDGED ANNUAL FINANCIAL STATEMENTS

Balance Sheet as at 30 June	2015	2014
Cash & Cash Equivalents	395.59	420.43
Consumer Debtors	75.08	74.83
Other Current Assets	34.34	39.38
Current Assets	505.01	534.64
Non-Current Assets	2,195.24	2,079.67
Total Assets	2,700.25	2,614.31
Creditors	69.17	70.55
Short-Term Debt	7.77	11.07
Other Current Liabilities	68.07	56.17
Current Liabilities	145.01	137.79
Long-Term Debt	35.12	43.29
Other Long-Term Liabilities	191.62	139.38
Non-Current Liabilities	226.74	182.67
Total Liabilities	371.75	320.46
Net Assets	2,328.50	2,293.85

TABLE 22: KEY FINANCIAL PERFORMANCE INDICATORS

	Benchmark	National Treasury Norm	2011	2012	2013	2014	2015
Current Assets: Current Liabilities		≥ 1.5	5.8	4.7	5.0	4.3	3.9
Payment Level		95%	94%	95%	100%	92%	98%
Cash Generated from Operations/Own Revenue (%)			22%	21%	5%	16%	20%
Cash Coverage Ratio (incl. Working Capital)		≥ 1.1	1.65	1.34	1.32	1.40	2.30
Total Debt/Operating Revenue		< 45%	17%	14%	11%	8%	6%
Total Grants/Total Revenue	< 20%		11%	12%	18%	13%	12%
Actual Capex/Budgeted Capex		95 - 100%	-	-	77%	69%	94%
Current Assets less Debtors > 30 days: Current Liabilities	≥ 1.1		5.3	4.2	4.8	4.1	3.1
Repairs & Maintenance/Nett Property Plant & Equipment		8%	1%	1%	1%	1%	1%
Staff Costs/Total Expenditure		25 - 40%	29%	31%	31%	34%	34%
Net Operating Surplus/Total Operating Revenue		≥ 0%	1%	-3%	-8%	-1%	-1%
Electricity Surplus/Total Electricity Revenue		0 - 15%	25%	12%	13%	31%	30%
Water Surplus/Total Water Revenue		≥ 0%	44%	40%	31%	47%	49%
Operating Revenue Growth		CPI	15%	12%	5%	8%	9%
Interest Charge/Total Expenditure	< 7.5%		2%	2%	2%	2%	2%
Water Losses		15 - 30%	-	-	14%	17%	14%
Electricity Losses		7 - 10%	-	-	13%	11%	9%
Credit Rating	≥ BBB+		BBB+	BBB+	BBB+	A-	A-

6. Cash Flow Forecast

The cash flow forecast represents a synopsis of the overall financial performance of the municipality on a cash basis. This entails taking into consideration the operational performance to firstly determine whether the municipality can cash fund its operating activities, secondly it determines whether the municipality can then service its external debt and lastly, the impact of funding the capital program on the cash flow of the municipality is calculated, providing in essence a tracing of cash flows in and out of the municipality.

The historic financial performance of the municipality is transposed into this format to provide a credible base for testing the assumptions made in the Concept Budget. Therefore the Concept Budget for 2015/16 to 2017/18 is plotted against the historical and actual financial performance of Saldanha Bay over the past four years ending on 30 June 2015. Besides verifying the assumptions made in the Concept Budget, the Cash Flow Forecast will also indicate the impact of implementing the objectives of the Concept Budget on the overall cash flow of Saldanha Bay. This will provide Saldanha Bay with sufficient guidance to ensure that budgets are aligned with realistic outcomes and will ensure that the overall financial position does not deteriorate.

This module will form the basis of developing the 10-year long term financial plan and from this assessment, key areas for stress testing will be highlighted to ensure that all scenarios are considered and weighed before the final plan is adopted.

Review of the approved Concept Budget for 2015/16

The following data has been used with an indication of annual increases/ (decreases) and is plotted graphically. The data is to be used for cross referencing (Rm).

TABLE 23: FORECASTED OPERATIONAL PERFORMANCE – R'M

Table 9: Forecasted Operational Performance					MTREF Cash Flow Forecast		
4-year Historical Trend							
Year	2012	2013	2014	2015	2016	2017	2018
Property rates	121.56	134.60 11%	144.83 8%	153.72 6%	159.69 4%	177.25 11%	187.52 6%
Equitable Share & Conditional Operational Grants	32.17	40.74 27%	43.94 8%	56.18 28%	112.78 101%	113.77 1%	106.11 -7%
Interest Income	29.21	29.29 0%	24.76 -15%	29.07 17%	21.00 -28%	17.20 -18%	14.70 -15%
Income Electricity	154.89	174.67 13%	240.47 38%	251.46 5%	291.86 16%	326.45 12%	358.63 10%
Income Water	76.49	72.34 -5%	104.47 44%	117.27 12%	113.59 -3%	124.59 10%	134.63 8%
Other service charges and income	171.47	198.11 16%	109.32 -45%	117.83 8%	139.15 18%	145.04 4%	153.84 6%
Total Revenue (excl capital transfers)	585.79	649.74 11%	667.79 3%	725.52 9%	838.07 16%	904.30 8%	955.43 6%
Salaries, wages and allowances	182.92	206.21 13%	228.62 11%	251.44 10%	277.55 10%	295.01 6%	314.69 7%
Expenditure electricity services	137.00	152.34 11%	165.25 8%	176.47 7%	266.52 51%	294.32 10%	320.61 9%
Expenditure water services	46.05	49.74 8%	55.84 12%	59.51 7%	99.97 68%	107.12 7%	114.84 7%
Debt Impairment	16.96	23.47 38%	12.38 -47%	8.29 -33%	22.08 166%	23.54 7%	25.24 7%
Depreciation	95.42	90.62 -5%	89.85 -1%	108.97 21%	128.98 18%	136.72 6%	144.92 6%
Repairs and maintenance	22.57	27.67 23%	27.00 -2%	31.47 17%	45.14 43%	46.49 3%	47.98 3%
Interest Charged on external loans	9.30	11.24 21%	13.91 24%	15.78 13%	24.02 52%	28.07 17%	29.57 5%
General expenses	84.74	102.91 21%	80.37 -22%	78.94 -2%	63.42 -20%	50.96 -20%	29.22
Total Expenditure	594.95	664.21 12%	673.23 1%	730.88 9%	927.68 27%	982.23 6%	1,027.07 5%
Accounting Operating Surplus / (Deficit)	-9.17	-14.47 58%	-5.44 -62%	-5.36 -2%	-89.61 1572%	-77.93 -13%	-71.64 -8%
Change in debtors	-19.57	-20.96 7%	-26.76 28%	-5.41 -80%	19.00 -451%	5.76 -70%	5.93 3%
Change in creditors	33.36	17.53 -47%	-9.89 -156%	-1.38 -86%	39.12 -2933%	5.31 -86%	5.33 0%
Change in stock	-7.53	-16.59 120%	1.53 -109%	0.25 -84%	1.98 688%	-0.64 -132%	0.37 -158%
(Increase)/Decrease in Working Capital	6.25	-20.02 -420%	-35.13 75%	-6.54 -81%	60.10 -1019%	10.43 -83%	11.63 12%
Non-cash and adjustments	96.78	42.98 -56%	129.20 201%	126.30 -2%	154.08 22%	171.13 11%	185.03 8%
Total adjustments	103.04	22.96 -78%	94.07 310%	119.76 27%	160.91 34%	81.59 -49%	116.25 42%
Cash operating surplus /(deficit)	93.87	8.49 -91%	88.63 944%	114.40 29%	71.30 -38%	3.66 -95%	44.61 1121%
Interest received	32.40	32.31 0%	33.03 2%	34.78 5%	26.55 -24%	22.16 -17%	19.01 29%
Interest paid	-9.30	-11.24 21%	-13.91 24%	-15.78 13%	-9.79 -38%	-11.12 14%	-9.02 -19%

Independent Financial Assessment	2015/16			Saldanha Bay Municipality			
Net interest	23.10	21.07	19.12	19.00	16.76	11.04	9.99
		0%	-9%	-1%	-12%	-34%	-9%
Cash retained after interest	116.97	29.56	107.75	133.41	88.06	14.69	54.60
		-75%	265%	24%	-34%	-83%	272%
Debt repayment	-11.14	-12.09	-12.18	-11.47	-8.69	-11.12	-9.02
		9%	1%	-6%	-24%	28%	-19%
Cash retained before capital movements	105.83	17.47	95.58	121.93	79.37	3.57	45.58
		-83%	447%	28%	-35%	-96%	1177%
Capital grants	42.13	47.23	43.94	38.96	69.96	26.27	45.49
		12%	-7%	-11%	80%	-62%	73%
Sale of fixed assets	0.07	1.27	0.21	1.46	0.00	0.00	0.00
	0%	0%	0%	0%	0%	0%	100%
Capital expenditure	-101.47	-139.37	-144.93	-187.18	-234.80	-132.02	-98.89
		37%	4%	29%	25%	-44%	-25%
Net capital movement	-59.27	-90.87	-100.78	-146.76	-164.84	-105.75	-53.40
		53%	11%	46%	12%	0%	100%
Balance before financing	46.57	-73.40	-5.21	-24.83	-85.47	-102.18	-7.82
		-258%	-93%	377%	244%	20%	-92%
Financing	0.04	0.00	0.00	0.00	47.06	58.18	17.82
		-100%				24%	-69%
Net change in cash and investments	46.60	-73.40	-5.21	-24.83	-38.41	-44.00	10.00
		-257%	-93%	377%	55%	15%	-123%
Cash & Investment Balances	499.03	425.63	420.43	395.60	357.19	313.19	323.19
		-15%	-1%	-6%	-10%	-12%	3%

Key Findings from the Concept Budget (see Table 20):

- Saldanha Bay estimates Property Rates to grow by 4% in the current financial year ending (FYE) 30 June 2016 following a higher 6% realised last year in FYE2015. Projections for the following year in FYE2017 reflect growth increasing considerably to 11% before it is almost halved to 6% in FYE2018. The growth rates appear realistic and are not significantly deviating from anticipated inflation levels.
- Volatile movements with respect to Equitable Share & Conditional Grants (ESCG) in the current financial year to FYE2018 appear inconsistent and unrealistic. Because of their meaningful contribution to Total Revenue – the high swings in ESCG cause undesired fluctuations in revenue growth, from 16% to 6% in FYE2016 to 2018. We nonetheless acknowledge that the volatility in these Operating Grants was caused by high levels of Conditional Grants with regard to Housing delivery services of R 42 million in FYE2016, R 40 million in FYE2017 and R 25 million in FYE2018. Hence Equitable Share followed a regular growing trend – with amounts of R 51 million, R 58 million and R 65 million respectively in the MTREF period.
- Interest Income is expected to decrease significantly in line with reducing Cash & Cash Equivalents in the MTREF period, as more Own Funds are still being utilised to finance growing capex program. As advised previously, Saldanha Bay has plenty of scope to leverage more debt to fund its Capital Investment Program so that more Own Funds are spared for increasing Short-Term Investments that are necessary to yield more Interest Income and to prop-up Liquidity Profile. We noted positively that Saldanha Bay's Short-Term Investments constituted some 80% of the municipality's Cash & Cash Equivalents, with the balance of 20% being held as Cash at Bank in FYE2015. Nonetheless, the municipality may still prefer to channel more cash into longer dated Deposits as this would contribute more towards Interest Income.
- Costs for the distribution of electricity seem to be growing faster than the rate of growth of income derived from this municipal service, especially in the current financial year ending 30 June 2016. Despite the rate of expenditure growth in Electricity reducing significantly in the last two years of the MTREF period, this disproportionate growth dynamics have negative impact on the performance of this major-revenue generator – hence the Electricity Surplus Margin averages 10% per annum in MTREF (see Table 23),

down from an average of 30% in FYE2014 – 2015. Maintaining the gap between growth in the level of Electricity Income and Expenditure ensures consistency in the level of surplus necessary for the cross-subsidization of other services.

- As did Electricity Services – Water Services also face similar challenges. The substantial increase of 68% in the expenditure for Water Services in FYE2016 will project the costs to high levels, with a consequent significant drop in the associated Surplus Margin to an annual average of 14% in the MTREF period (**see Table 23**). Like with Electricity, Water Services need to be reviewed with a view to making the operations more efficient with regard to yielding sufficient Surplus Margins. If an opportunity to increase the Water Tariffs exists, without a major impact on consumer affordability – this should also be explored.
- Salaries, Wages and Allowances are expected to increase by 10% in the current financial year ending 30 June 2016 before the rate of increase tapers off to 7% in FYE2018. These increases are in line with inflation expectations, but could prove to be unrealistically low and could be under-budgeted for.
- Average annual growth of 6% with respect to Depreciation of Fixed Assets appears viable. However it is crucial for Saldanha Bay to consider the recommendations that will emerge from the analysis of the municipality's Asset Register in the Long Term Financial Plan (LTFP - Phase 2). This will assist in the re-alignment of Depreciation, resulting from proper and sustainable Capital Investment program in the future.
- We acknowledge the estimated substantial (43%) increase in Repairs & Maintenance in the current financial year ending 30 June 2016. The increase reduces considerably to 3% in last two years of the MTREF period, which is regarded as too low. As mentioned previously in the report – Saldanha Bay would need to dramatically ramp up the level (1% of Net Fixed Assets - FYE2015) of Repairs & Maintenance in order to bring the level in line with the National Treasury norms (8%).
- The substantial increases in Interest Charged on Loans in FYE2016 (52%) – 2017 (17%) is in tandem with the new borrowings of R 47 million and R 58 million incurred respectively after four financial years. As discussed previously, there is still plenty of room to incur more debt for the municipality's capex program and this will help the necessary growth of Cash & Cash Equivalents. If productive investments (capex that enhances revenue) can be brought forward, it is recommended that borrowings be increased and these investments accelerated.
- Cash & Investment Balance is expected to drop further to R 323 million by FYE2018, from R 396 million in FYE2015 – which in turn, is a decrease from a 10 year peak of R 499 million recorded in FYE2012. Whilst the reduced Cash & Investment Balance in the MTREF period does not present a huge risk for Saldanha Bay's Liquidity Profile, an Optimal and Balanced Capex Funding Mix to be suggested by the LTFP (Phase 2) will be paramount for the municipality to avoid Liquidity Challenges in the future.

Graphical representation of the MTREF

GRAPH 45: GROWTH PER INCOME SOURCE R'M

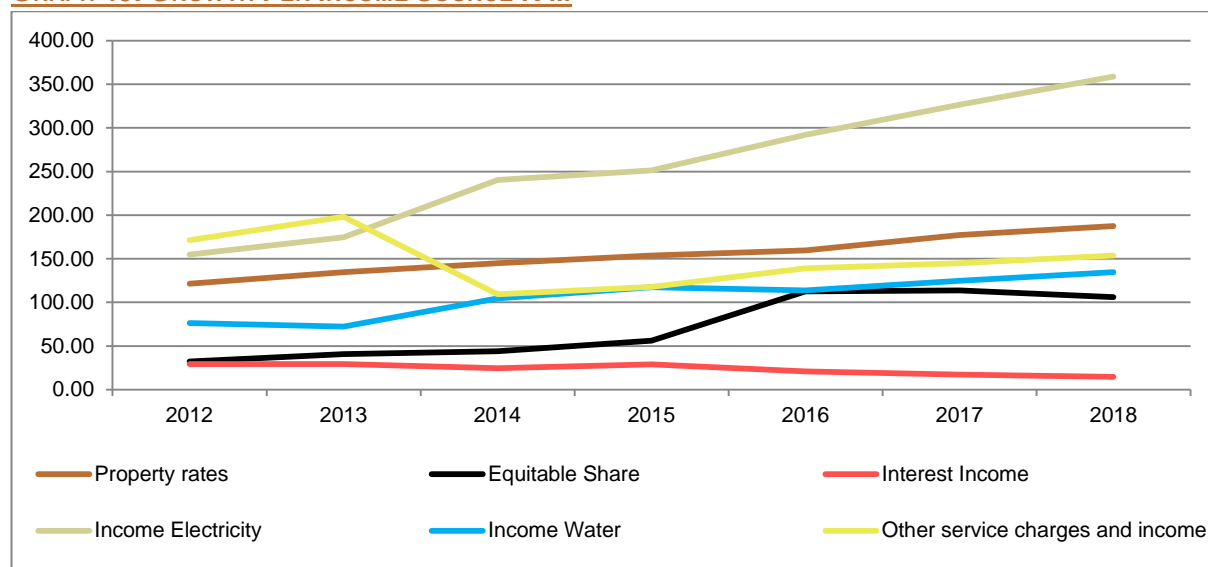


TABLE 24: CONTRIBUTION PER INCOME SOURCE

	2012	2013	2014	2015	2016	2017	2018
Property Rates	21%	21%	22%	21%	19%	19%	19%
Equitable Share & Conditional Operational Grants	5%	6%	7%	8%	13%	13%	11%
Service Charges – Electricity	26%	27%	36%	35%	35%	36%	38%
Service Charges – Water	13%	11%	16%	16%	14%	14%	14%

GRAPH 46: GROWTH PER EXPENDITURE ITEM R'M

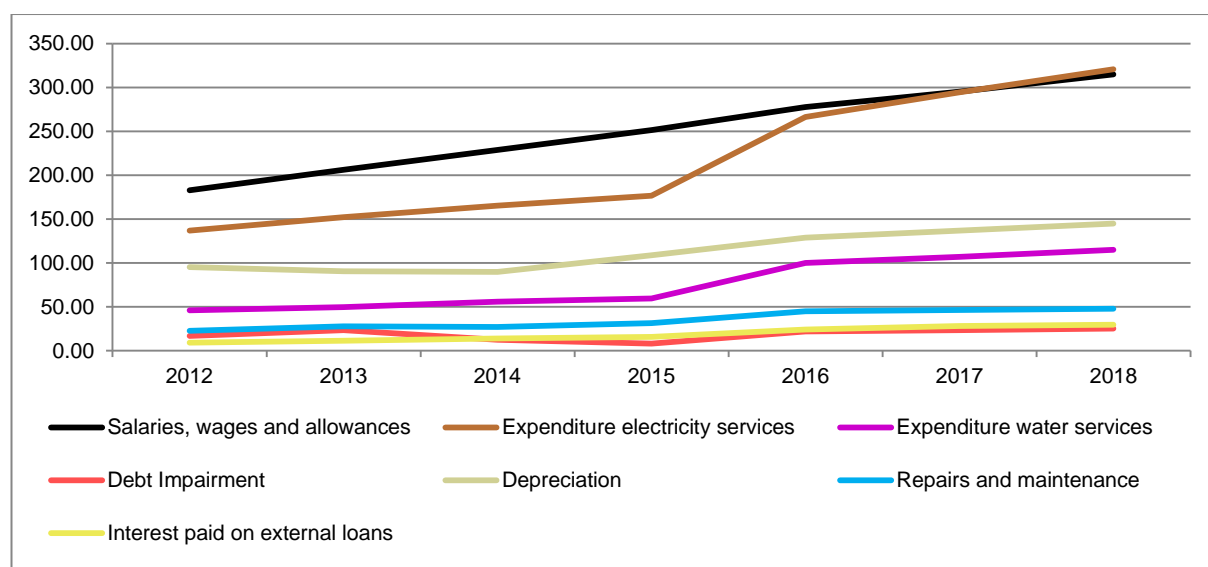
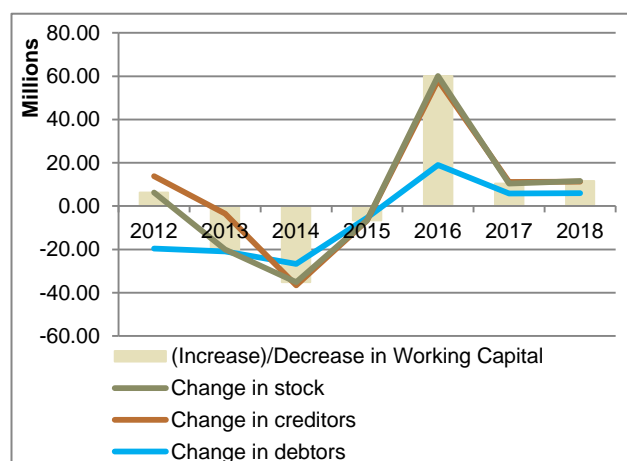
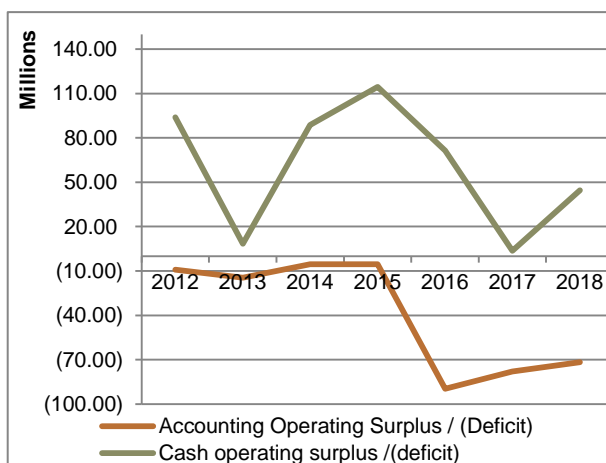
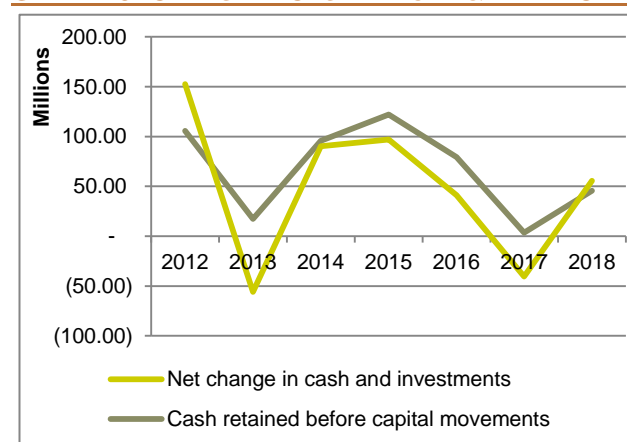
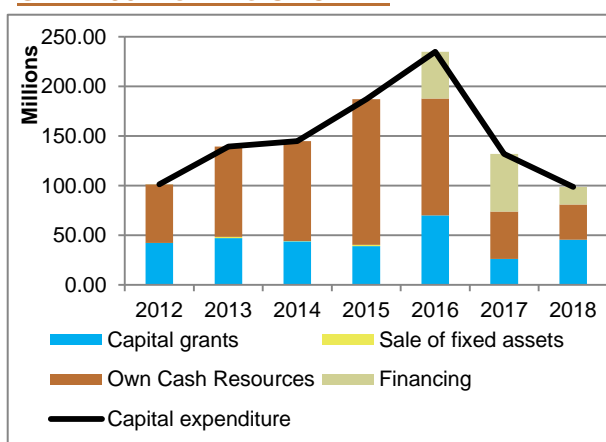


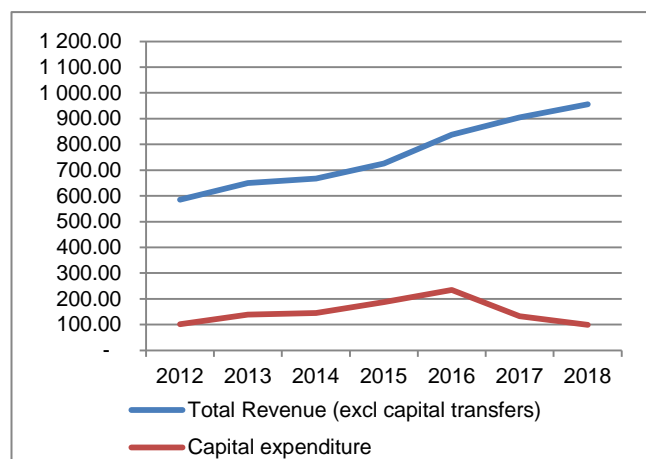
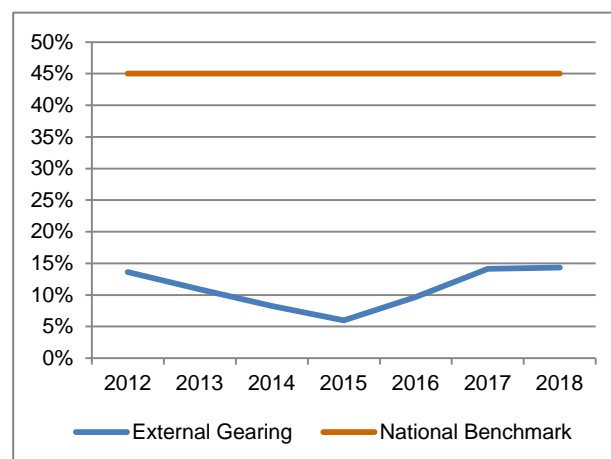
TABLE 25: CONTRIBUTION PER EXPENDITURE ITEM

	2012	2013	2014	2015	2016	2017	2018
Salaries, wages and allowances	31%	31%	34%	34%	30%	30%	31%
Expense - Electricity services	23%	23%	25%	24%	29%	30%	31%
Expense - Water services	8%	7%	8%	8%	11%	11%	11%
Debt Impairment	3%	4%	2%	1%	2%	2%	2%
Repairs & maintenance	4%	4%	4%	4%	5%	5%	5%
Depreciation	16%	14%	13%	15%	14%	14%	14%
External Interest Paid	2%	2%	2%	2%	3%	3%	3%

TABLE 26: BULK SERVICES OPERATING PERFORMANCE

	2012	2013	2014	2015	2016	2017	2018
Electricity Services	12%	13%	31%	30%	9%	10%	11%
Water Services	40%	31%	47%	49%	12%	14%	15%

GRAPH 47: CHANGE IN WORKING CAPITAL**GRAPH 48: CASH VS. OPERATING SURPLUS/ (DEFICIT)****GRAPH 49: CHANGE IN CASH BEFORE & AFTER CAPEX****GRAPH 50: FUNDING OF CAPEX**

GRAPH 51: OPERATING INCOME VS. CAP EXPENDITURE**GRAPH 52: GEARING VS. INDUSTRY NORM****TABLE 27: GEARING RATIOS**

			2012	2013	2014	2015	2016	2017	2018
External Gearing	Min	45%	14%	11%	8%	6%	10%	14%	14%
Net Cash Flow/External Interest	Max	1.1	10.56	3.63	17.58	26.22	9.99	2.32	7.05
Interest Paid/Total Expenditure	Max	7.50%	2%	2%	1%	1%	1%	1%	1%

7. Synopsis of the Findings

Local Economy and Demography

Strengths	Weaknesses
<ul style="list-style-type: none"> Relatively high population density in the District allows for economies of concentration and –scale to materialize Saldanha Bay has the highest per capita income in the district at R 64 228. However it is lower when compared to Overstrand at (R 75 952), higher than Mossel Bay at (R 59 828) and almost equal that of George at (R 64 048) Significant and constant increase in tourism spend over the past 10 years reaching nearly R 1.20 billion in 2014 Second highest number of Economically Active Population in the District Generates the highest GVA in the District representing 32% of the total. 	<ul style="list-style-type: none"> Highest unemployment rate in the District of 28.6%, compared to Western Cape's 22.2% and Country's 25.3% Relatively low annual GVA growth rate of 0.6% vs Western Cape 2.4% and National 2.6% Disappointing job creation of only 5% between 2005 and 2014 A high number of people between the age of 20-35 reflecting job seekers and people that drive household formation and put pressure on municipal service delivery.

Household Infrastructure

Strengths	Weaknesses
<ul style="list-style-type: none"> The infrastructure index of 0.91 in 2014 is substantially higher than the national average of 0.72 The provision of Water, Sanitation, Electricity and Refuse Removal traditionally where at high level and has been maintained The municipality has performed better than the district with regards to the provision of Sanitation, Water, Electricity and Refuse Removal The number of households with a level of service at RDP level or higher (90.8%) is higher than the number of households with income exceeding the R 30 000 p.a bracket (86.5%). 	<ul style="list-style-type: none"> Informal dwellings increased from 9.1% in 1996 to in 16.5% 2014 The Housing backlog has increased and currently amounts to approx. 5 500 units The very high growth in household formation in the municipality challenges the municipality's ability to provide infrastructure and services The high unemployment level should put pressure on affordability going forward.

Historical Financial Trend Analysis over 10 years & Cash Flow Forecast

Strengths

- Low levels of gearing support plans to leverage debt with a view to optimizing Capex Funding Mix in the future.
- Saldanha Bay has robust Liquidity Levels, underpinned by 78% of Cash & Cash Equivalents on overall Current Assets.
- Fiscal discipline ensures containment of expenditure within the realm of revenue streams, with a consequent consistent posting of Accounting and Cash Operating Surplus.
- High Net Interest Margin contributes significantly towards revenue.
- With strong Cash Reserves – Saldanha Bay easily met the Minimum Statutory Liquidity Requirements.
- A Higher Investment Grade credit rating of A+ supports financial capacity to obtain competitive Interest Rates with respect to Borrowings that are necessary for future capital expenditure.

Weaknesses

- High and growing Non-Interest Bearing Liabilities, driven by Post-Employment Benefits present a future risk for Saldanha Bay's Liquidity Profile.
- Low levels of Repairs & Maintenance are inconsistent with Saldanha Bay's high level of Fixed Assets.
- Although it was financially afforded by the municipality - the aggressive Capital Investment program lacked an Optimal & Balanced Funding.
- Declining Cash & Cash Equivalents in the MTREF period will impact negatively on the strength of Liquidity and Interest Income.
- Fast growing Electricity Costs compared to the corresponding Income result in low Surplus Margins in the MTREF period. Low margins mean limited funds available for cross-subsidization to other service delivery areas. The same situation also holds for Water Services.

8. Background of INCA Portfolio Managers

INCA Portfolio Managers (trading as IPM) is an independent privately owned company and registered at the Financial Services Board as a financial services provider. IPM was established in 2009 by the executive management and all of the staff of Infrastructure Finance Corporation (INCA). This team, who started INCA in 1996 and who has been involved in the municipal and infrastructure sector for the past 18 years, is still managing the INCA Portfolio, but is actively involved in strategic analysis, guidance and financial advisory services in the municipal sector.

Since 1996, the INCA team has concluded credit assessments on the financial affairs of municipalities across South Africa, applying its own scoring methodology and comparing similar sized municipalities to ascertain which municipalities are of a financially acceptable risk for further capital investment. IPM applies this skill and expertise to provide municipalities an independent and holistic assessment of the financial sustainability of the entity. In conjunction with the finance team of a municipality IPM, through an interactive process, provides strategic input and support both to the financially sound municipality that wishes to maintain its financial position and extend its service delivery functions on a sustainable basis, as well as to the municipality in financial distress that requires a turnaround strategy.

The years of active involvement in the municipal sector and having been active in the capital markets since issuing the 2nd corporate bond in South Africa back in 1999, enables IPM to be an invaluable resource of expertise and know how to assist public entities and especially municipalities in implementing appropriate policies and strategies that will optimize available resources and taking entities to the next level of efficiency.

9. Disclaimer

Whilst all care has been taken by INCA Portfolio Managers (IPM) in the preparation of the opinions, assessments and information provided in this document, IPM does not give any warranties as to their correctness, accuracy or completeness, nor do they assume liability for any losses arising from actions taken based on the information provided.

This document contains information that is currently confidential and is for use by the intended parties only.



REFERENCE: DCS 2/9/4 (PNP 2015/16)

ENQUIRIES: Gideon Morris

Municipal Manager: Stellenbosch
Municipal Manager: Drakenstein
Municipal Manager: Cape Agulhas
Municipal Manager: Theewaterskloof
Municipal Manager: Overstrand
Municipal Manager: Langeberg
Municipal Manager: Witzenberg
Municipal Manager: Breede Valley
Municipal Manager: Drakenstein
Municipal Manager: Bergriver
Municipal Manager: Saldanha
Municipal Manager: Beaufort West
Municipal Manager: Laingsburg
Municipal Manager: Prins Albert
Municipal Manager: City of Cape Town

Dear Municipal Manager

POLICING NEEDS AND PRIORITIES (PNPs) 2015/16 REPORTS FOR INCLUSION IN IDP AND COUNCIL RESOLUTION AND FURTHER DISTRIBUTION

The Department of Community Safety (DoCS) would like to express its sincere gratitude towards your office for the co-operation and support given in the process of facilitating the Policing Needs and Priorities (PNP) 2015/16 workshops and developing the safety plans.

Section 206(1) and (2) of the Constitution of the Republic of South Africa requires the National Member of Cabinet responsible for policing to determine the national policing policy, taking into account the policing needs and priorities of provinces as determined by the Provincial Executives.

During the 2015/16 PNP process, the Department, in consultation with communities and relevant stakeholders in all 16 policing clusters, developed a detailed PNP report and a safety plan for each of the police clusters to guide the work of local CPF's. The safety plan draws on the resources of stakeholders, including municipalities. A soft and hard copy of the PNP report and community safety plan relevant to your area of jurisdiction is attached for your consideration and inclusion into the IDP.

The reports will also be presented to the relevant police clusters and community police forums (CPFs) for final adoption for local implementation. Some elements of the safety plan fall exclusively in the domain of local government – for example crime prevention through environmental design such as neighbourhood lighting, removal of bushy areas where crime occurs. As the Department is mindful that not all municipalities have the financial means to establish and resource municipal safety, the Department is eager to present the PNP report to your full council for council resolution and to enter into a MOU with the municipality to fund certain elements or to access the basket of services which the Department is offering.

In this regard you may contact Ms Theresha Hanekom to set up an appointment/to present to Council the Safety Plan for resolution at email: Theresha.Hanekom@westerncape.gov.za or Tel: 021-483-5717 or Cell:0825637682.

The Department furthermore requests that the PNP reports be distributed to ward councillors and relevant units within the municipality for their information and further action. The cluster and station commanders and CPFs have already received the same report with the request that the PNPs be placed on the monthly agenda for the meetings with the Community Police Forums (CPFs). We are also including the 2014/15 PNP report which might be useful to incorporate it into your IDP plans, thus effectively responding to the community safety needs.

Thank you once again for the continued support and cooperation in the identification of the PNPs in the Western Cape Province.

Kind regards



HEAD OF DEPARTMENT
(Gideon Morris)

DATE: 2016.01.28



**Western Cape
Government**

Community Safety



POLICING NEEDS AND PRIORITIES (PNP) 2015/16 REPORT

FOR THE

VREDENBURG POLICE CLUSTER

HELD ON 26 & 27 JUNE 2015



Acknowledgements

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Western Cape Department of Community Safety, 6 August 2015

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GLOSSARY

CBO	Community Based Organisation
CID	City Improvement District
CPF	Community Police Forum
CSF	Community Safety Forum
CSIP	Community Safety Improvement Partnership
DoCS	Department of Community Safety
EPP	Expanded Partnership Programme
FBO	Faith Based Organisation
GBH	Grievous Bodily Harm
LG	Local Government
NCPS	National Crime Prevention Strategy
NGO	Non-Governmental Organisation
NHW	Neighbourhood Watch
NPO	Not for Profit Organisation
PG	Provincial Government
PNP	Policing Needs and Priorities
SAPS	South African Police Service
STATS SA	Statistics South Africa
VEP	Victim Empowerment Programme

1. INTRODUCTION AND BACKGROUND

As part of its annual process of identifying the policing needs and priorities for the Province, the Western Cape Department of Community Safety (DoCS) hosted a two-day workshop for the Vredenburg Cluster on 26 and 27 June 2015.

The Policing Needs and Priorities (PNP) workshops are derived from Section 206(1) of the Constitution which requires the Minister of Police to determine national policing policy after consulting with provincial governments and taking into account the policing needs and priorities of the provinces as determined by the provincial executives. In addition to this, Section 23 of the Western Cape Community Safety Act 3 of 2013 provides that the Provincial Minister responsible for policing must submit the policing needs and priorities to the Provincial Cabinet and to the National Minister.

In the past few years, DoCS has identified the policing needs and priorities through different mechanisms. This has included community based surveys to understand perceptions of safety and concerns of members of the community; engagements with members of the community through a series of workshops for each policing Cluster; and desktop research of safety and policing issues.

The Department noted that whilst policing needs and priorities are identified and submitted to the National Minister for consideration, these needs and priorities are not necessarily taken into consideration when resources are allocated to the various Provinces and police stations.

The 2015 PNP programme will, in an effort to increase safety service delivery, primarily focus on assisting communities to draft safety plans. The safety plans are designed to assist communities to address the safety concerns that were identified during the 2014 PNP engagement sessions, as well as any current concerns identified. The safety plans identify roles and responsibilities for relevant stakeholders including the South African Police Service (SAPS), the Community Police Forums (CPFs), DoCS and other departments and community structures. They will be implemented by the CPFs and SAPS with the support of the Department of Community Safety, which will also monitor its implementation.

The development of the community safety plans, are conducted within the framework of DoCS's Community Safety Improvement Partnership (CSIP). Taking into account national and provincial strategic goals, and its constitutional and legal mandate, the Department of Community Safety has developed a strategy for increasing safety within a 'whole of society' approach. The CSIP is designed around three outputs, namely:

1. To promote professional policing through effective oversight;
2. To make all public buildings and spaces safe; and
3. To establish viable safety partnerships within communities.

In addition, the Department aims to determine the perceptions of participants in regard to their experience of policing, criminal justice role-players, as well as safety in the community. To this end, participants of the PNP workshop were asked to complete a Community Safety Score.

2. OBJECTIVES

The objectives of the PNP workshops are:

1. To engage the communities of all 16 SAPS Clusters on their policing needs and priorities.
2. To assist 16 clusters to draft community safety plans based on the 2014 PNP policing needs and priorities, and taking into account additional relevant information;
3. To determine the community's perception with a Community Safety Scorecard research tool.

3. METHODOLOGY

During 2015, 16 stakeholder engagement workshops will be held with representatives of the community and stakeholders to consult on the policing needs and priorities and to develop community safety plans. The Vredenburg Cluster was the fourth in a series of 16 such PNP stakeholder engagement workshops.

The 16 workshops are designed to include the SAPS precincts forming part of each of the 16 clusters. Invited stakeholders include representatives of the South African Police Service (SAPS), Community Police Forums (CPFs), Neighbourhood Watches (NHW), non-governmental and community based organisations, faith based organisations, relevant government departments and municipal management, as well as any interested member of the public. Each engagement consists of a two-day workshop. Participants will develop a community safety plan after selecting key priority issues that were identified in the 2014 PNP process and after consideration of any additional issues.

Primary data on the indicators of the community safety score card was collected directly from participants by means of a questionnaire, administered electronically through crowd sourcing technology. Secondary data sources such as previous PNP reports, DoCS briefing reports and SAPS presentations were used to augment the primary data.

4. LIMITATIONS

The Department invited stakeholders who it understands and are concerned with safety in their communities. In addition, invitations are also extended to members of the public. Nonetheless, the workshops are mainly attended by people who are working in or are actively engaged in the crime and safety environment. As a result, the concerns that form the basis of the discussions for the safety plans are based very much on the participants' own experience and interests. However, to some extent, plans are developed involving role-players who might not be present, and it therefore requires further steps to involve them in the implementation of the safety plans.

As regards the Community Safety Scorecard, the perceptions are those of participants of the workshops. Due to their engagement with the safety issues, their experience of working with CPFs or NHW and their relationship with the SAPS, their responses might be more reflective of their own experiences, rather than being representative of the broader community.

The questionnaire was developed in English, but a verbal translation into Afrikaans was also given to participants when the questions were called out. People were available to assist to provide isiXhosa translations to participants where required. However, it is possible that since English is not the home language of the majority of participants that there may have been some misinterpretation of the questions, as well as the responses.

5. CLUSTER DEMOGRAPHICS

Vredenburg Cluster forms part of the West Coast District Municipality. The cluster consists of 10 police precincts namely: Eendekuil, Hopefield, Laaiplek, Langebaan, Piketberg, Porterville, Redelinghuys, Saldanha, St Helena Bay and Vredenburg.

Table 1 below presents the population figures of the different police precincts in the cluster as recorded by the South African National Census in 2001 and 2011.¹ Overall, the population in the cluster has increased by 39.54% from 115 778 to 161 537 between 2001 and 2011. The Vredenburg population accounts for 3% of the provincial population. Closer analysis shows that Langebaan had a large influx of people and the population increased by 125.6% in the ten year period. Piketberg and Eendekuil experienced population increases of 62.5% and 50.3% respectively. Furthermore, St Helena Bay's population grew by 45% and Porterville by 44.4% respectively (Table 1). According to the SAPS, the population increases occurred primarily in the informal settlement areas.² Information is not available on whether there were proportional increases in police resources to the respective areas.

Table 1: Vredenburg Police Cluster: Population per Police Precincts

NAME OF PRECINCT	2001 CENSUS	2011 CENSUS	% INCREASE / DECREASE
Eendekuil	4 257	6 396	50.25%
Hopefield	7 310	8 952	22.46%
Laaiplek	12 992	13 400	3.14%
Langebaan	3 754	8 471	125.65%
Piketberg	14 799	24 043	62.46%
Porterville	10 265	14 823	44.40%
Redelinghuys	3 144	3 381	7.54%
Saldanha	21 831	29 387	34.61%
St Helena Bay	8 239	11 950	45.04%
Vredenburg	29 187	40 734	39.56%
Cluster total	115 778	161 537	39.52%
Provincial total	4 521 072	5 821 947	28.77%

Source: Statistics South Africa, South African National Census of 2001 and 2011

¹ Statistics South Africa, South African National Census of 2001 and 2011.

² South African Police Services, Vredenburg Cluster. (26 June 2015). *Development of Cluster Safety Plans*. Presentation at the PNP meeting on 26 June 2015.

6. CRIME SITUATION IN THE VREDENBURG CLUSTER: 2009/2010 - 2013/2014

The 5-year analysis shows that crime is almost equally spread amongst the three broad categories of crime in the Vredenburg Police Cluster. Contact crime accounts for 33%, crime detected as a result of police action 34%, and property-related crime accounted for 33%.³

Table 2 below shows that over the 5 year period, overall these crime categories increased by 7.4% from 6 262 in 2009/10 to 6 728 in 2013/14. However, crime has increased in the area at a slower rate than the population growth. Contact crime increased by 6% from 2 144 in 2009/10 to 2 279 in 2013/14 in the police cluster.

Unlike many of the other police clusters, crime detected as a result of police action experienced a 4.5% decrease from 2 240 in 2009/10 to 2 140 in 2013/14 (Table 2). Property-related crime increased by 23% from 1 878 in 2009/10 to 2 309 in 2013/14 suggesting that property crime is an area of concern in the Vredenburg Cluster.

Table 2: Major Crime Categories

MAJOR CRIME CATEGORIES	2009/2010 - 2010/2011		2010/2011 - 2011/2012		2011/2012 - 2012/2013		2012/2013 - 2013/2014		2009/2010 - 2013/2014	
	2009/2010	2010/2011	% Δ	2011/2012	% Δ	2012/2013	% Δ	2013/2014	TOTAL	% Δ
Contact crime	2 144	2 038	4.94%	2 192	7.56%	2 325	6.07%	2 279	10 978	6.30%
Crime detected as a result of police action	2 240	2 238	0.09%	2 226	-0.54%	2 317	4.09%	2 140	11 161	-4.46%
Property-related crime	1 878	1 817	3.25%	2 140	17.78%	2 713	26.78%	2 309	10 857	22.95%
TOTAL	6 262	6 093	2.70%	6 558	7.63%	7 355	12.15%	6 728	32 996	7.44%

Source: South African Police Service: Crime Statistics

³ The discussion on the crime situation in the cluster is drawn from: Department of Community Safety. (2015). *Policing Needs and Priorities 2015/2016: Vredenburg Police Cluster Briefing Report*, p. 4-7.

6.1 Contact Crime

The number of attempted murders doubled from 10 in 2009/10 to 20 in 2013/14, though it reached its peak in 2012/2013 with a total of 29 murders. While it represents a large percentage increase, it is still a relatively small number of cases. Conversely, the number of murders has decreased by -32% since 2009/2010, and assault GBH has showed a slight increase of 4.17% in 2013/14. Worryingly, common robbery and robbery with aggravating circumstances increased by 54.3% and 12.6% respectively suggesting that violent crimes associated with property-related crimes were becoming more prevalent (Table 3). The number of reported sexual offences has also shown a significant decrease of -15% over the 5-year period.

Table 3: Contact Crime Categories

CONTACT CRIME	2009/2010 - 2010/2011		2010/2011 - 2011/2012		2011/2012 - 2012/2013		2012/2013 - 2013/2014		2009/2010 - 2013/2014	
	2009/2010	2010/2011	% Δ	2011/2012	% Δ	2012/2013	% Δ	2013/2014	% Δ	TOTAL
Assault with the intent to inflict grievous bodily harm	743	711	-4.31%	816	14.77%	760	-6.86%	774	1.84%	3 804
Attempted murder	10	16	60.00%	21	31.25%	29	38.10%	20	-31.03%	96
Common assault	916	872	-4.80%	912	4.59%	999	9.54%	1 012	1.30%	4 711
Common robbery	70	71	1.43%	87	22.54%	96	10.34%	108	12.50%	432
Murder	53	45	-15.09%	31	-31.11%	36	16.13%	36	0.00%	201
Robbery with aggravating circumstances	111	106	-4.50%	106	0.00%	169	59.43%	125	-26.04%	617
Total Sexual Crimes	241	217	-9.96%	219	0.92%	236	7.76%	204	-13.56%	1 117
TOTAL	2 144	2 038	-4.94%	2 192	7.56%	2 325	6.07%	2 279	-1.98%	10 978

Source: South African Police Service: Crime Statistics

6.2 Contact Crime per Police Precinct

Overall, contact crime increased by 6.3% over the period. Four police precincts namely Piketberg (11%), Porterville (14%), Redelinghuys (15%), and Vredenburg (29%) accounted for more than two-thirds (69%) of the total contact crime (10 978) reported in the Vredenburg Police Cluster. Significant increases in contact crime were noted in Eendekuil (47%), Hopefield (40%) and Saldanha (33%) (Table 4). On the other hand substantial decreases were noted in Redelinghuys (-32.8%) and Laaipek (-17%).

According to the SAPS presentation during the PNP meeting, Witteklip was identified as a crime hotspot in the Vredenburg police precinct and has contributed 27.20% to contact crime in the Vredenburg police precinct between April 2014 and March 2015, and 39% to its Trio Crimes.⁴ The area is characterised by high unemployment rates, overcrowding and poor lighting and is surrounded by open fields which are used as hiding places for criminals. The variances in crimes statistics across police precincts could be shaped by various factors, including population size, and socio economic factors. Furthermore the Vredenburg Cluster is largely rural and distance to the police station is likely to play a key role in terms of reporting crime. Eendekuil, Hopefield and Saldanha experienced the highest increases in contact crime over the period and these increases seem to be associated with the significant growth in population over the period (Table 4).

Table 4: Contact Crime per Police Precinct

STATION TOTAL CONTACT CRIME	2009/2010 - 2010/2011			2010/2011 - 2011/2012			2011/2012 - 2012/2013			2012/2013 - 2013/2014			2009/2010 - 2013/2014		
	2009/2010	2010/2011	% Δ	2011/2012	2012/2013	% Δ	2012/2013	2013/2014	% Δ	2013/2014	2014/2015	% Δ	TOTAL	% Δ	% Δ
Eendekuil	55	76	38.18%	65	70	14.47%	70	77	10.00%	77	10.00%	10.00%	343	40.00%	40.00%
Hopefield	85	86	1.18%	88	120	2.33%	120	125	4.17%	125	4.17%	4.17%	504	47.06%	47.06%
Laaipek	154	149	-3.25%	151	184	1.34%	184	127	21.85%	127	-30.98%	-30.98%	765	-17.53%	-17.53%
Langebaan	117	145	23.93%	145	129	0.00%	129	143	-11.03%	143	10.85%	10.85%	679	22.22%	22.22%
Piketberg	217	237	9.22%	245	255	3.38%	255	265	4.08%	265	3.92%	3.92%	1 219	22.12%	22.12%
Porterville	291	283	-2.75%	310	305	9.54%	305	297	-1.61%	297	-2.62%	-2.62%	1 486	2.06%	2.06%
Redelinghuys	61	52	-14.75%	59	44	13.46%	44	41	-25.42%	41	-6.82%	-6.82%	257	-32.79%	-32.79%
Saldanha	293	266	-9.22%	322	402	21.05%	402	390	24.84%	390	-2.99%	-2.99%	1 673	33.11%	33.11%
St Helena Bay	153	142	-7.19%	184	189	29.58%	189	147	2.72%	147	-22.22%	-22.22%	815	-3.92%	-3.92%
Vredenburg	718	602	-16.16%	623	627	3.49%	627	667	0.64%	667	6.38%	6.38%	3 237	-7.10%	-7.10%
TOTAL	2 144	2 038	-4.94%	2 192	2 325	7.56%	2 325	2 279	6.07%	2 279	-1.98%	-1.98%	10 978	6.30%	6.30%

Source: South African Police Service: Crime Statistics

⁴ South African Police Service. (26 June 2015). Hotspot Policing Area Project: Witteklip – Vredenburg. Presentation made at the PNP meeting on 26 and 27 June 2015.

6.3 Property Related Crime

The property crime category accounts for 33% (10 857) of reported crime in the Vredenburg Police Cluster over the 5 year period, and with an increase of 22.9% during this time. Evidently, theft out of or from motor vehicles increased by more than a third (37.9%), burglary at non-residential premises increased by (24.4%) and burglary at residential premises increased by 19.7%. The exception is recorded in stock theft and theft of motor vehicle and motor cycle theft which recorded a decrease of -23.5% and -27.5 % respectively. However, overall property crime is on a steady increase in the police cluster (Table 5).

Table 5: Property-Related Crime Categories

PROPERTY RELATED CRIME	2009/2010 - 2010/2011		2010/2011 - 2011/2012		2011/2012 - 2012/2013		2012/2013 - 2013/2014		2009/2010 - 2013/2014	
	2009/2010	2010/2011	% Δ	2011/2012	% Δ	2012/2013	% Δ	2013/2014	TOTAL	% Δ
Burglary at non-residential premises	352	374	6.25%	275	26.47%	406	47.64%	438	1 845	24.43%
Burglary at residential premises	969	940	-2.99%	1 229	30.74%	1 484	20.75%	1 160	5 782	19.71%
Stock-theft	51	39	-23.53%	40	2.56%	35	12.50%	39	204	-23.53%
Theft of motor vehicle and motorcycle	40	34	-15.00%	30	11.76%	21	30.00%	29	154	-27.50%
Theft out of or from motor vehicle	466	430	-7.73%	566	31.63%	767	35.51%	643	2 872	37.98%
TOTAL	1 878	1 817	-3.25%	2 140	17.78%	2 713	26.78%	2 309	10 857	22.95%

Source: South African Police Service: Crime Statistics

6.4 Police Precinct's Proportion of Property Related Crime

Saldanha police precinct (23%) and Vredenburg police precinct (42%) accounted for 65% of the total property crime (10 857) in the Vredenburg Police Cluster. According to the SAPS, Witteklip, with an estimated population of just 8 600 (21% of the Vredenburg population) contributed 14.44% to property crimes in the Vredenburg police precinct between April 2014 and March 2015.⁵

There was an overall increase of 22.95% of property crime per police precinct in the Vredenburg Cluster over the past 5 years. Property crime in Hopefield increased significantly by 93% from 43 in 2009/10 to 83 in 2013/14 (Table 6). Similarly, Porterville and Vredenburg police precinct had a 40.3% and 35% increase over the same period (Table 6). The CPF, through the EPP programme, identified house breaking to be a challenge in certain police precincts in the cluster – Porterville police precinct being one of these areas. Similarly, the EPP programme identified a need to address second hand dealers who buy copper pipes stolen from the community.⁶

Table 6: Police Precinct's Proportion of Property-Related Crime

STATIONS PROPERTY RELATED CRIME	2009/2010 - 2010/2011			2010/2011 - 2011/2012			2011/2012 - 2012/2013			2012/2013 - 2013/2014			2009/2010 - 2013/2014		
	2009/2010	2010/2011	% Δ	2011/2012	2012/2013	% Δ	2012/2013	2013/2014	% Δ	2013/2014	2013/2014	% Δ	TOTAL	% Δ	% Δ
Eendekuil	17	13	-23.53%	22	69.23%	69.23%	14	16	-36.36%	16	14.29%	82	-5.88%		
Hopefield	43	38	-11.63%	72	89.47%	89.47%	64	83	-11.11%	83	29.69%	300	93.02%		
Laiplek	156	115	-26.28%	164	42.61%	42.61%	200	159	21.95%	159	-20.50%	794	1.92%		
Langebaan	118	162	37.29%	175	8.02%	8.02%	275	145	57.14%	145	-47.27%	875	22.88%		
Piketberg	96	114	18.75%	101	-11.40%	-11.40%	140	114	38.61%	114	-18.57%	565	18.75%		
Porterville	67	67	0.00%	87	29.85%	29.85%	116	94	33.33%	94	-18.97%	431	40.30%		
Redelinghuys	9	1	-88.89%	12	1100.00%	1100.00%	10	7	-16.67%	7	-30.00%	39	-22.22%		
Saldanha	499	439	-12.02%	483	10.02%	10.02%	587	520	21.53%	520	-11.41%	2 528	4.21%		
St Helena Bay	103	111	7.77%	123	10.81%	10.81%	218	129	77.24%	129	-40.83%	684	25.24%		
Vredenburg	770	757	-1.69%	901	19.02%	19.02%	1 089	1 042	20.87%	1 042	-4.32%	4 559	35.32%		
TOTAL	1 878	1 817	-3.25%	2 140	17.78%	17.78%	2 713	2 309	26.78%	2 309	-14.89%	10 857	22.95%		

Source: South African Police Service: Crime Statistics

⁵ South African Police Service. (26 June 2015). *Hotspot Policing Area Project: Witteklip – Vredenburg*. Presentation made at the PNP meeting on 26 and 27 June 2015

⁶ Department of Community Safety. 2015. *Shadow Report*, p.10.

6.5 Crime Detected as a result of Police Action

Crime detected as a result of police action accounted for 34% of the Vredenburg Police Cluster over the 5 year period. Of the 11 161 cases of crime detected as a result of police action, 87% (9 737) was drug-related crime. A comparative analysis shows that drug-related crime increased marginally by 1.8% from 1 867 in 2009/10 to 1 901 in 2013/2014 (Table 7). The highest increase (6.9%) in drug-related crime was recorded between 2011/12 and 2012/13. Although the expectation is that drug-related crime should show an increase as pro-active policing activities are stepped up, there appears to have been a decrease in this activity in the last reporting year. The trend is surprising because the Western Cape Province accounted for 47% of the national drug related crime in 2010/11), 44% in 2011/12 and 40% in 2012/13.⁷ Over the past decade, the Western Cape has consistently contributed more than a third to the national drug related crime category. The CPFs have, through the Expanded Partnership Programme (EPP), identified substance abuse as a challenge, especially in Vredenburg and Porterville. Similarly, the Laiplek CPF identified taverns in Noordhoek as a challenge.⁸

Table 7: Crime Detected as a result of Police Action

CRIME DETECTED AS A RESULT OF POLICE ACTION	2009/2010 - 2010/2011			2010/2011 - 2011/2012		2011/2012 - 2012/2013		2012/2013 - 2013/2014		2009/2010 - 2013/2014	
	2009/2010	2010/2011	% Δ	2011/2012	% Δ	2012/2013	% Δ	2013/2014	% Δ	TOTAL	% Δ
Driving under the influence of alcohol or drugs	335	285	-14.93%	231	-18.95 %	200	-13.42%	203	1.50%	1 254	-39.40%
Drug-related crime	1 867	1 924	3.05%	1 955	1.61%	2 090	6.91%	1 901	-9.04%	9 737	1.82%
Unlawful possession of firearms & ammunition	38	29	-23.68%	40	37.93 %	27	-32.50%	36	33.33 %	170	-5.26%
TOTAL	2 240	2 238	-0.09%	2 226	-0.54%	2 317	4.09%	2 140	-7.64%	11 161	-4.46%

Source: South African Police Service: Crime Statistics

⁷ South African Police Service, (2011). *SAPS Crime statistics 2003/04 – 2013/2014*. South African Police Service.

⁸ Department of Community Safety. 2015. *Shadow Report*, p.11

6.6 Crime Detected as a result of Police Action per Police Precinct

Crime detected as a result of police action fluctuated over the reporting period, with an overall decrease of -4.5% from 2 240 in 2009/10 to 2 140 in 2013/14. Over the 5 year period, four police precincts, namely Piketberg (16.6%), Porterville (17.1%), Saldanha (16.6%), and Vredenburg (22.4%) contributed 73% of these crimes (11 161) in the cluster (Table 8).

The largest increase was in Redelinghuys of 76% from 63 in 2009/10 to 111 in 2013/14. Similarly, Piketberg and Porterville increased by 52.5% and 46.1% respectively. On the contrary, notable decreases were observed in Saldanha (-35.6%), Hopefield (-24.3%) and Langebaan (-21.5%). There were other decreases in police detection in other areas over the 5 year period, such as in Eendekuil, and Porterville. According to SAPS presentation during the PNP meeting Witteklip contributed 23.74% to crime detected by police action in Vredenburg between April 2014 and March 2015.⁹ However, the overall the number of these crimes reported in Vredenburg decreased by -38.24% over the five year period, and by -42.62% in the last financial year.

Table 8: Crime Detected as a result of Police Action per Police Precinct

CRIME DETECTED AS A RESULT OF POLICE ACTION	2009/2010 - 2010/2011			2010/2011 - 2011/2012		2011/2012 - 2012/2013		2012/2013 - 2013/2014		2009/2010 - 2013/2014	
	2009/2010	2010/2011	% Δ	2011/2012	% Δ	2012/2013	% Δ	2013/2014	% Δ	TOTAL	% Δ
Eendekuil	37	25	-32.43%	27	8.00%	36	33.33%	34	-5.56%	159	-8.11%
Hopefield	111	103	-7.21%	66	-35.92%	60	-9.09%	84	40.00%	424	-24.32%
Ladiplek	129	162	25.58%	173	6.79%	153	-11.56%	144	-5.88%	761	11.63%
Langebaan	214	176	-17.76%	131	-25.57%	171	30.53%	168	-1.75%	860	-21.50%
Piketberg	244	358	46.72%	444	24.02%	438	-1.35%	372	-15.07%	1 856	52.46%
Porterville	334	354	5.99%	316	-10.73%	413	30.70%	488	18.16%	1 905	46.11%
Redelinghuys	63	48	-23.81%	65	35.42%	92	41.54%	111	20.65%	379	76.19%
Saldanha	492	378	-23.17%	375	-0.79%	290	-22.67%	317	9.31%	1 852	-35.57%
St Helena Bay	106	69	-34.91%	73	5.80%	115	57.53%	107	-6.96%	470	0.94%
Vredenburg	510	565	10.78%	556	-1.59%	549	-1.26%	315	-42.62%	2 495	-38.24%
TOTAL	2 240	2 238	-0.09%	2 226	-0.54%	2 317	4.09%	2 140	-7.64%	11 161	-4.46%

Source: South African Police Service: Crime Statistics

⁹ South African Police Service. (26 June 2015). Hotspot Policing Area Project: Witteklip – Vredenburg. Presentation made at the PNP meeting on 26 and 27 June 2015.

7. COMMUNITY SAFETY SCORE CARD

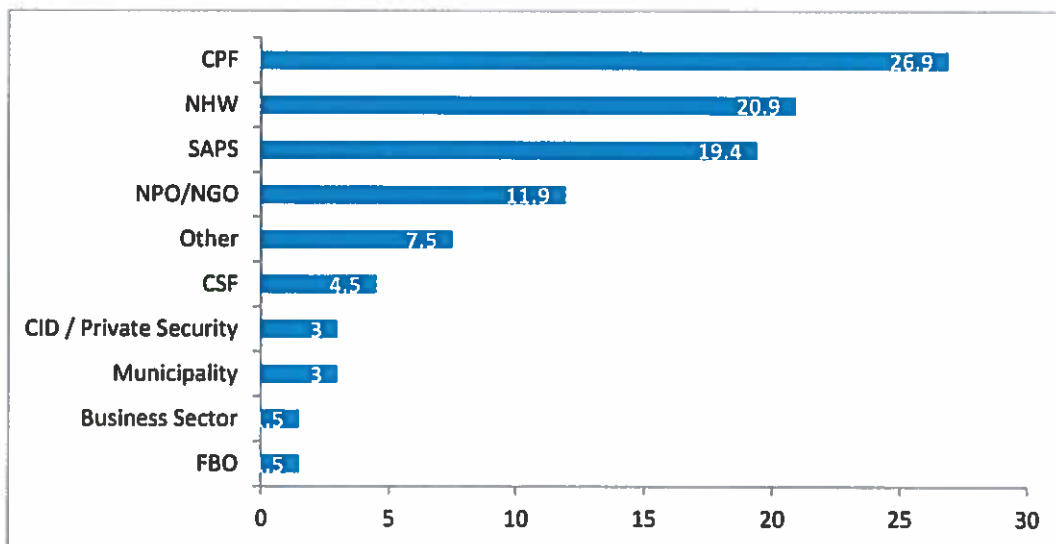
During the PNP consultative process in 2015, participants were asked to complete a questionnaire on their perceptions of professional policing, safety at public buildings and spaces and partnerships as a vehicle to understanding perceptions of levels of safety. These questions will be asked again in the next year to determine any change in perception relating to these three areas.

To some extent, the results of the 2015 scorecard are compared with the results of the community perception survey that participants of the 2014/2015 PNP process completed.¹⁰ Results have also been compared with the national Victims of Crime Survey conducted in 2013/2014.¹¹

The results of the community scorecard are discussed according to the three CSiP thematic areas.

7.1 Participants

Figure 1: Respondents



A total of 67 respondents from all 10 police precincts in the cluster completed the questionnaire, which was administered through crowd sourcing technology.¹² The majority of participants (26.9%) were community police forums (CPFs), followed by neighbourhood watches (20.9%). Just less than a fifth of participants were from the SAPS (19.4%). Non-governmental organisations

¹⁰ Department of Community Safety. (2015). *Policing Needs and Priorities 2014/2015: Vredenburg Police Cluster Report*; 7 January 2015.

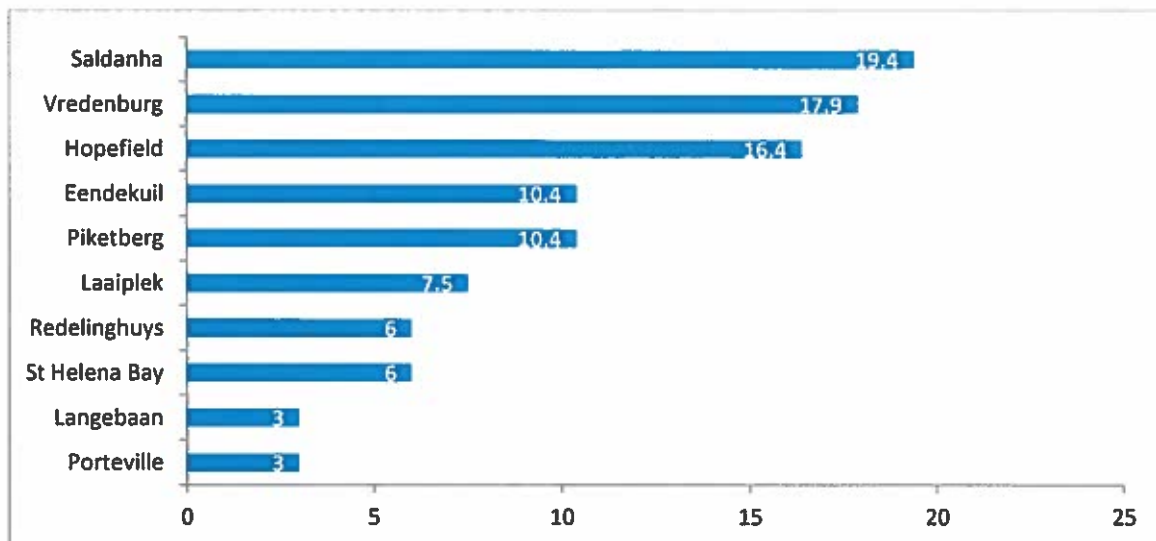
¹¹ Statistics South Africa. (2014). *Public Perceptions about Crime Prevention and the Criminal Justice System: In depth analysis of the Victims of Crime Survey Data 2010-2013/14*, Pretoria: Statistics South Africa.

¹² Participants indicated their responses on remote devices which were immediately captured on a computerised system.

(11.9%) were also well represented. Other participants included Community Safety Forums (4.5%), Central Improvement Districts / Private Security (3%), Municipalities (3%), Business (1.5%) and Faith Based Organisations (FBOs) (1.5%), and others (7.5%).



Figure 2: Participants per Precinct



All 10 police precincts in the cluster were represented at the workshop. The majority of respondents were from the Saldanha precinct (19.4%), followed by Vredenburg (17.9%), Hopefield (16.4%), Eendekuil (10.4%), Picketberg (10.4%), Laaiplek (7.5%), Redelinghuys and St Helena Bay (6%) as well as Langebaan and Porterville (3%).

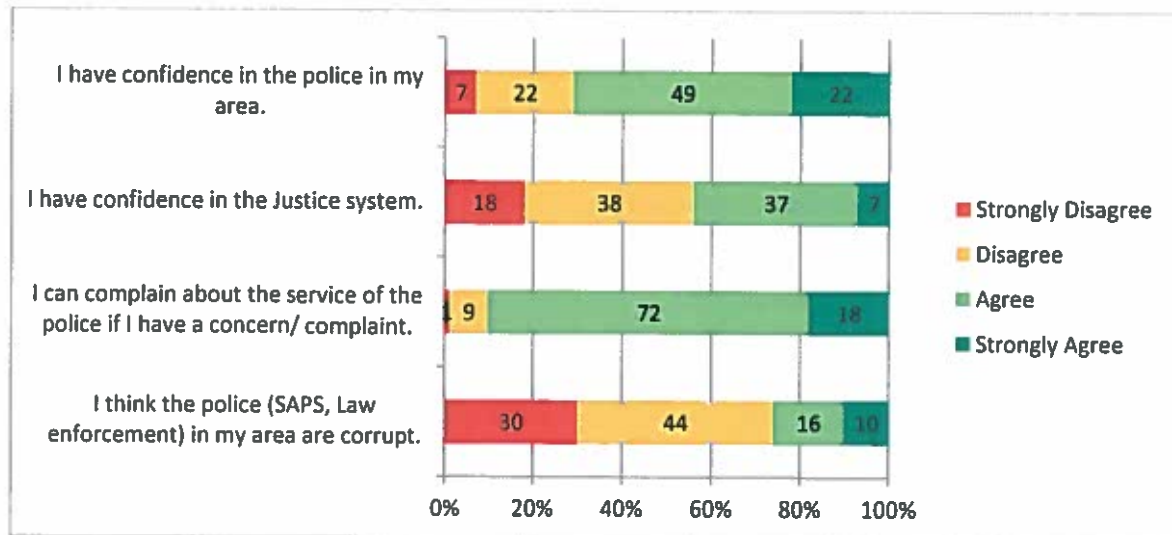
The majority of respondents were male (73.1%), while females constituted 26.9%.

7.2 Professional Policing

Promoting Professional Policing (PPP) is one of the key priorities of the Department of Community Safety as articulated in the Community Safety Improvement Partnership (CSIP), Western Cape Community Safety Act (WCCSA) and the National Development Plan (NDP). It is also a priority for SAPS.¹³ Professional policing relates to the manner in which the police conduct their services, and the relationship they have with the communities. The CSIP considers effective oversight of policing as a mechanism to promote professional policing and partnerships.

¹³ South African Police Service. (15-17 April 2015). *Briefing by the South African Police Service on the 2014-2019 Strategic Plan and 2015/16 Annual Performance Plan and Budget*. Portfolio Committee on Police, Department of Police, p. 48.

Figure 3: Perceptions of Confidence in SAPS, Corruption and Responses to Complaints (n=67)

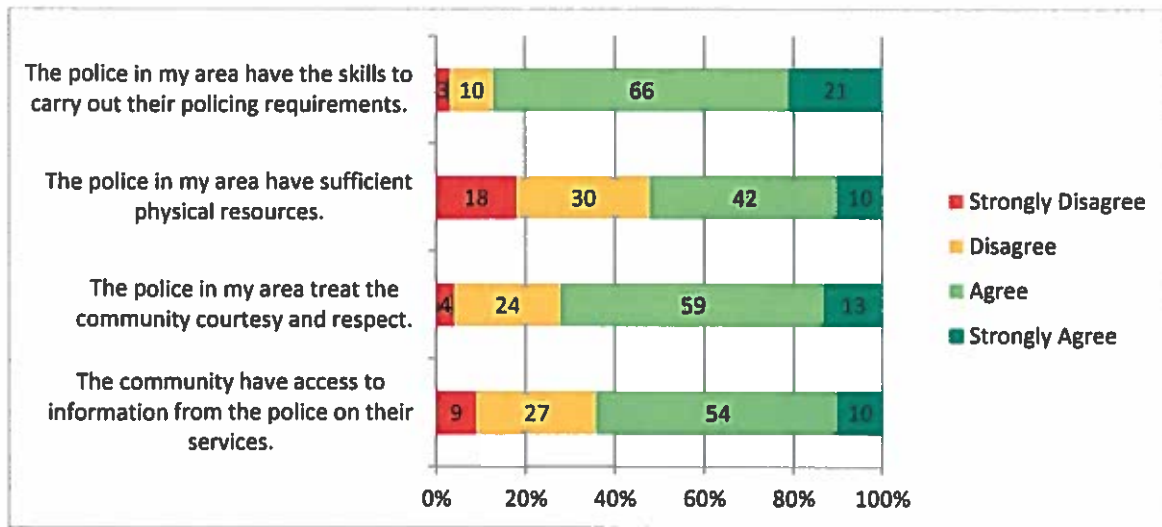


An overwhelming majority of the participants (71%) agreed with the statement that they have confidence in the police in their areas. This is consistent with the findings of the Victims of Crime Survey 2013/14 where the majority of households (63.9%) in the Western Cape that participated in the survey were satisfied with the police in their area.¹⁴ However, the majority of PNP respondents (56%) disagreed with the statement that they have confidence in the Justice system. An overwhelming majority of the participants (90%) agreed that they can complain about the service of the police if they have a concern or complaint. Furthermore, an overwhelming majority of the PNP participants (74%) disagreed with the statement that the police in their area are corrupt. This is compared with the national Victim's Survey which listed corruption as the third most cited reason that households were dissatisfied with the police in the Western Cape between April 2013 and March 2014.¹⁵

¹⁴ Statistics South Africa. (2014). *Public Perceptions about Crime Prevention and the Criminal Justice System: In depth analysis of the Victims of Crime Survey Data 2010-2013/14*, Pretoria: Statistics South Africa, p. 32.

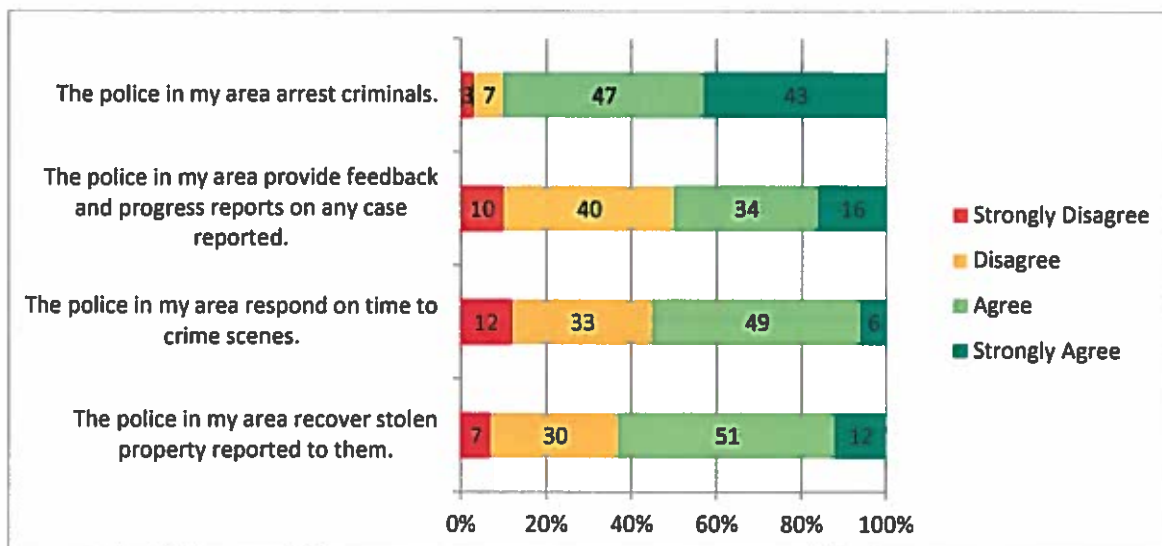
¹⁵ Statistics South Africa. (2014). *Public Perceptions about Crime Prevention and the Criminal Justice System: In depth analysis of the Victims of Crime Survey Data 2010-2013/14*, Pretoria: Statistics South Africa, p. 90.

Figure 4: SAPS' Interaction with Communities and Resource Requirements (n=67)



Most of the participants (87%) agreed that the police in their areas have the skills to carry out their policing requirements. In addition, slightly more than half of the participants (52%) agreed that the police in their areas have sufficient physical resources while 18% of respondents felt strongly that they did not. The majority of the participants (72%) also agreed that the police in the Cluster treat the community with courtesy and respect. Moreover, 64% of the participants agreed that the community have access to information from the police on their services, whilst 36% disagreed.

Figure 5: Police Service Delivery and Performance of Functions (n=67)



The majority of the respondents (90%) agreed that the police in the cluster do arrest criminals. The respondents were divided on whether the police provide feedback and progress reports on

reported cases, as 50% agreed with the statement that the police provide feedback and progress reports on any case reported whilst 50% disagreed. According to the PNP 2014/15 Provincial report only 31.09% of the respondents indicated that the police provide regular feedback and progress reports on opened cases, 14.20% said infrequently, 26.16% said only when requested and 28.55% never received any feedback.¹⁶ In short, these figures reflect that this may be a widespread problem.

Just more than half of the respondents (55%) agreed that the police in the cluster respond on time to crime scenes. This is consistent with the PNP 2014/15 Provincial findings of 2014 where 59.75% of the respondents reported that SAPS arrive at crime scenes either quickly or within a reasonable time.

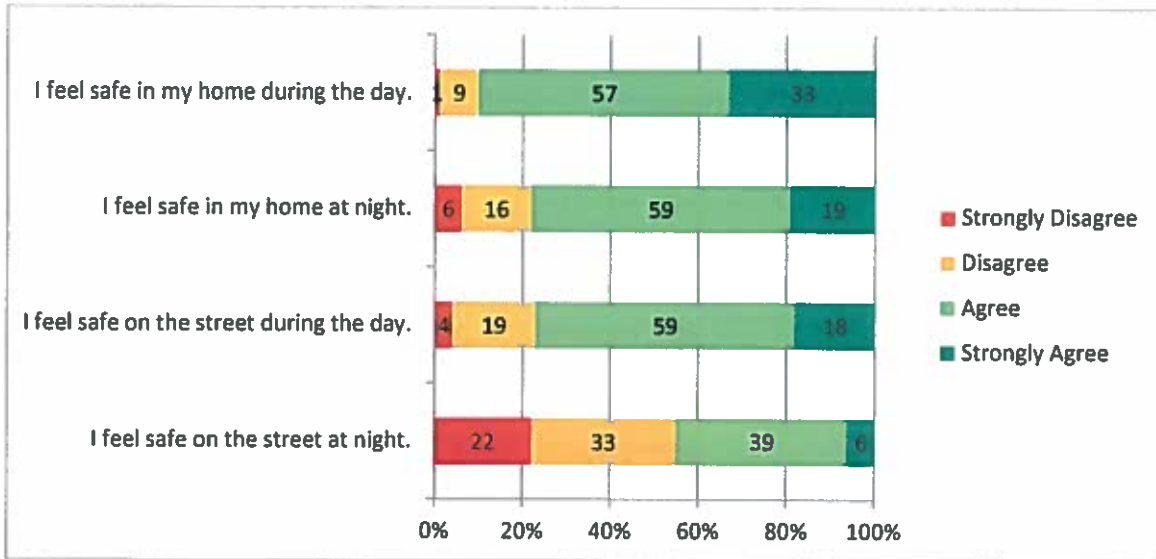
The majority (63%) of respondents agreed that the police in the cluster recover stolen property reported to them.

Overall, it can be concluded that the respondents had mixed feelings about their satisfaction levels about police service delivery and performance of their functions in the cluster.

7.3 Public Spaces

This section focuses on respondents' perceptions of safety in their homes and in public spaces.

Figure 6: Safety at Home and on the Street (n=67)

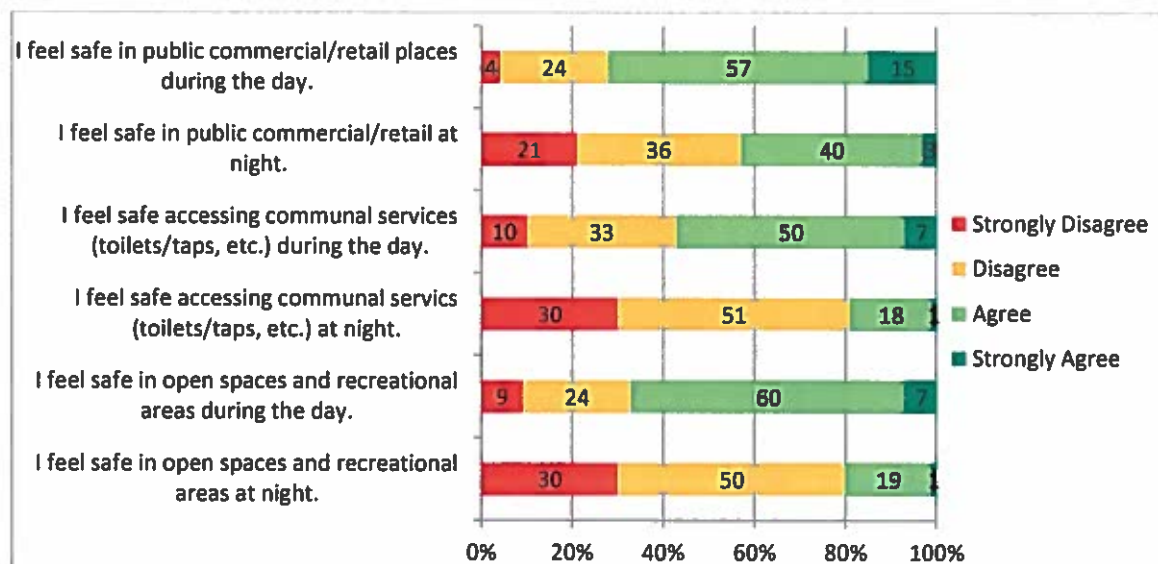


Almost all the respondents (90%) agreed that they felt safe in their homes during the day. The majority of the respondents (78%) also felt safe in their homes at night. Most (77%) also felt safe on the streets during the day. However, 55% of respondents reported feeling unsafe on the

¹⁶ Department of Community Safety. (2015). *Provincial Policing Needs and Priorities Report*, p 29.

streets at night. This is consistent with the findings of the PNP 2014/15 Provincial report as 76.07% of the respondents felt unsafe at night.¹⁷

Figure 7: Perception of Safety in Community Spaces and Public Commercial Buildings (n=67)

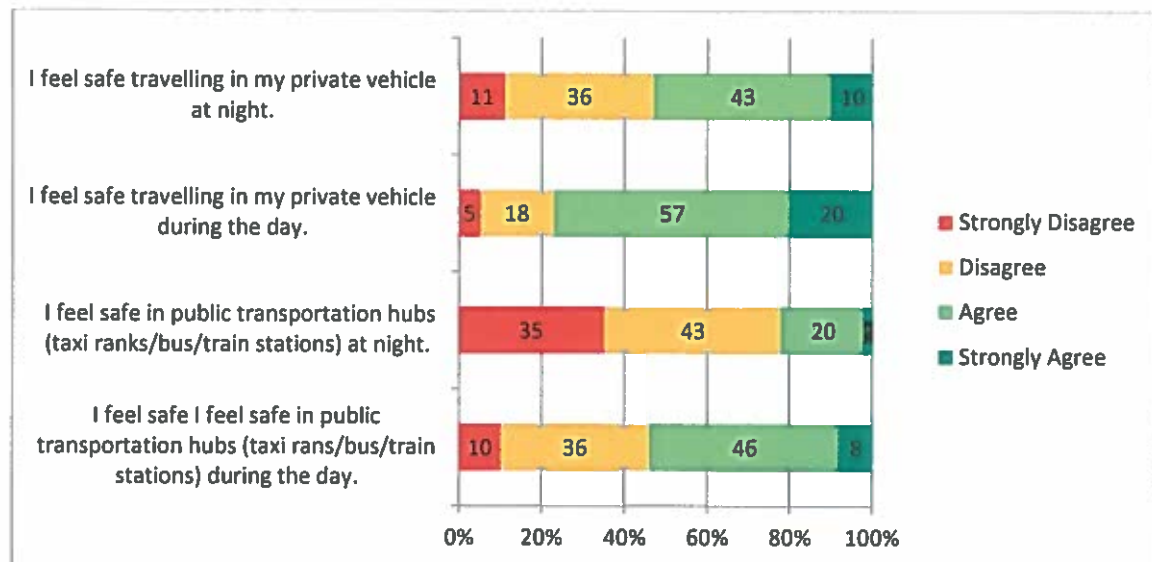


An overwhelming majority of the respondents (72%) agreed or strongly agreed that they felt safe in public commercial/retail places during the day whilst 57% felt unsafe at night. In addition, 57% of the respondents felt safe accessing communal services, but this reduced to 19% at night, indicating that this is a problem in the community. Moreover, 67% of the respondents felt safe in open spaces and recreational areas during the day whereas only 20% felt safe in these spaces at night.

These responses suggest that there are safety concerns in accessing recreational spaces and communal service points at night, and this needs to be addressed.

¹⁷ Department of Community Safety. (2015). *Provincial Policing Needs and Priorities Report*, p. 35.

Figure 8: Perception of Safety when travelling and using Public Transport (n=67)



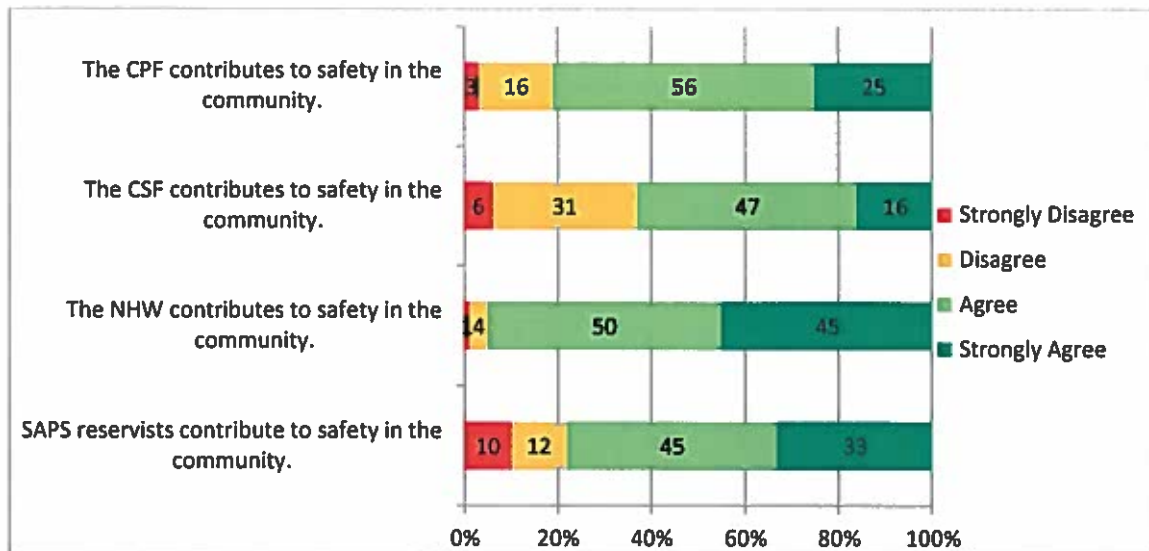
During the day, 54% of respondents felt safe using public transportation hubs during the day, but only 22% felt safe using them at night. Thirty five percent of respondents felt very unsafe using these spaces at night, indicating that this is an issue requiring attention.

The majority of respondents (54%) felt safe travelling in their private vehicles at night yet this increased to 78% of respondents who felt safe during the day.

7.4. Partnerships

Partnerships lie at the heart of community safety and this is underpinned by the concept of making safety everyone's responsibility. No single agency can alone make an impact. It is important that all partners and stakeholders work together to increase safety in this Province. This section looked at how participants viewed the role and contribution of the CPFs, neighbourhood watches, community safety forums and reservists.

Figure 9: Institutions contributing to Safety (n=67)



The respondents ranked the following institutions in terms of their contribution towards safety in the community.

1. Neighbourhood Watch programme (95% agreed)
2. Community Police Forums (81% agreed)
3. SAPS Reservist programme (78% agreed)
4. Community Safety Forums (62% agreed)

The response demonstrates that participants understand and support the importance of members of the community working together with the police to ensure safety in the community. This can also be understood within the context with which these institutions were willing to participate in the PNP workshops particularly the CPF, NHW and SAPS as seen on Figure 1.

8. SAFETY PLAN



The community consultative process in 2015/16 is focused on developing community safety plans based on the policing needs and priorities that had been identified during the 2014/15 PNPs. Information shared during the course of the workshop, as well as additional sources of information was also taken into account. The safety plan seeks to increase community involvement for its own safety. This approach seeks to promote making safety everyone's responsibility and local accountability for safety levels. This is in accordance with the integrated approach to crime and safety in line with the Community Safety Improvement Partnership (CSIP).¹⁸

The cluster priorities reflect the activities as contained in the Safety Plan compiled at the workshop, and attached as Annexure 1. The safety concerns for the cluster were identified and drawn from the PNP 2014/15 process, and grouped according to the key elements of the CSIP. Participants were divided into groups and asked to prioritise concerns from the list, and to prepare action plans to address their key concerns. These were later compiled into a safety plan, which was presented back to the participants on the second day of the workshop.

The key concerns identified were:

¹⁸ Department of Community Safety. (2015). *Annual Performance Plan 2015/16*, p. 18. Department of Community Safety-Vote 4. Western Cape Government. Also see National Planning Commission. (2011). *National Development Plan (NDP). Vision for 2030*. National Planning Commission: Pretoria; and Western Cape Community Safety Act, Act No 3 of 2013.

8.1 Professional Policing

- Substance Abuse (Drugs & Alcohol) in the Vredenburg Police Cluster is the source and cause of all other crimes (contact and property crime included).
- Concerns about the SAPS service delivery in the Vredenberg Police Cluster (SAPS code of conduct, discipline, language barrier, resource shortfall, SAPS response time, lack of police visibility).
- Ineffective criminal justice system (light and lenient sentences, easy bail).

8.2 Public Spaces

- Bushy areas and poor street lighting creates an enabling environment for crime to be committed (specifically the area between Jacobsbaai and Saldanha (gravel road between the two towns). Employees walking from Saldanha to Jacobsbaai being targeted by criminals – relatively affluent area. Hopefield was also identified as an area of concern – especially where the gravel road runs between old RDP houses and the new RDP houses. Vredenburg between the hospital and Louwville was also an area of concern.
- Facilities for the youth and the community of Vredenburg Cluster should be developed.
- Extended liquor trading hours in Langebaan is contributing to crime in the area.

8.3 Partnerships

- There is a need for training opportunities for the youth.
- To develop and support a Community Safety Plan.
- The lack of and need for recreational programmes contribute to the potential increase of substance abuse in the Vredenburg Cluster.
- Unemployment in Vredenburg Cluster has a considerable effect as the 'need for money' constitutes a motivator for crime in the region.
- To develop a MOU between the Department of Community Safety and the Municipality in terms of community safety commitments.

9. IMPLEMENTATION AND MONITORING



Any plan is only as good as its implementation and thus the role of the Cluster CPF would be to finalise the Cluster Safety Plan (Annexure 1) in partnership with SAPS and to ensure its implementation. They should also ensure that elements of the safety plan are taken up by each CPF as appropriate.

The Department of Community Safety will make funding available through the Expanded Partnership Programme (EPP) to all participating CPFs and will make further matching grants available to participating CPFs. The Department will also enter into MOUs with Local Municipalities to facilitate access its CSIP Programme. Furthermore, DoCS will provide support to CPFs where required to support them in the implementation.

Implementation of the safety plan will be monitored via the CPF EPP monthly reporting mechanisms.

10. CONCLUSION

This report presents the safety concerns and desired outcomes for the Vredenburg Cluster with one overall goal: to increase wellness, safety and reduce social ills. As discussed in the report safety needs, concerns and perceptions call for concerted interventions that should be continuously monitored. However, the realisation of this goal depends on all the responsible implementing agents identified in the safety plan working together to build safer Vredenburg Cluster. The developed safety plan is a first step towards achieving that goal.

11. ANNEXURE 1: VREDENBURG POLICE CLUSTER SAFETY PLAN

PROFESSIONAL POLICING					
1. Safety Concern: Substance abuse (drugs & alcohol) in the Vredenburg Police Cluster is the source and cause of all other crimes (contact and property crime included).					
Objective: To reduce drug and alcohol abuse in the Vredenburg Police Cluster.					
Activities	Desired Outcome	Indicator (how do we know the outcome is met?)	First Step	Deadline (By When)	Responsible implementing agent/person
Compile Memorandum of Agreement (MOA) between all government departments in relation to safety and security with specific focus on their role in addressing substance abuse.	Better living conditions for the Vredenburg Police Cluster community	Increase in drug related crimes statistics (Police detection).	Write a letter to DoCS and the MEC for Community Safety regarding the need for MOA with all role players in the safety and security arena.	July 2015	CPF Cluster Chairperson & SAPS Cluster Commander
Increase and strengthen the informer/ community network per police station in cluster.		Crime reduction. Drug houses close down. Drugs lords removed from the community.			SAPS
Involve CPF to implement drug awareness programmes per police precinct.					CPF Cluster Chairperson &
Establish additional rehabilitation centres in the Cluster.		Number of established rehabilitation centres.			Department of Social Development

SARS to develop a hotline for communities to report suspicious people which have assets but do not have identifiable employment.		Hotline number established by SAPS.		SAPS CPF Cluster Chairperson & SAPS Cluster Commander	
2. Safety Concern: Concerns about the SAPS service delivery in the Vredenberg Police Cluster (SAPS code of conduct, discipline, language barrier, resource shortfall, SAPS response time, lack of police visibility).					
Objective: To improve SAPS service delivery through awareness campaigns promoting the suggestion box and explaining the code of conduct to the community (Client/customer).					
Activities	Desired Outcome	Indicator (how do we know the outcome is met?)	First Step	Deadline (By When)	Responsible Implementing agent/person
Write a letter outlining the police resource shortfall per police station in the Cluster and sent it to the Provincial Commissioner's office.	Improved service delivery by the SAPS	Reduction in 101 complaints against SAPS members. Number of police officers per station reflected in SAPS establishment plan.	Convene Public Accountability meetings (external imbizo's to provide feedback to communities and stakeholders).	First imbizo in July and August	SAPS Station Commander & CPF chairperson per police station
Speed up reservist recruitment process in the cluster.				Thereafter, once per quarter.	SAPS Cluster Commander
Implement an internship programme per police station.		Number of internal and external Imbizo's held per station. Number of awareness campaigns held per police station.			CPF Cluster Chairperson & SAPS Cluster Commander and DOCS
Recruit, train and resource NHW in the cluster to support the police.					
Assess the SAPS recruitment					

process in order to effect changes at the SAPS training colleges.		Relevant changes effected in the training of the SAPS.			
3. Concern: Ineffective Criminal Justice System (light and lenient sentences, easy bail) Objective: To improve the functioning of the Criminal Justice System					
Activities	Desired Outcome	Indicator (how do we know the outcome is met?)	First Step	Deadline (By When)	Responsible Implementing agent/person
Administer heavier sentences for offenders.	Safe and protected community by the Criminal Justice System	Improved conviction & detection rates.	Prosecutors to be invited to the next Cluster meeting.	July 2015.	CPF Cluster Chairperson & Cluster Commander
Encourage prosecutors to attend Public Accountability Meetings and PNP sessions.	Corresponding sentences to the crime committed by the offender. Heavier sentences/punishment meted for serious and repeat offenders.	Number of meetings between prosecutors and detectives. Number of incidents where CPF gave input in terms of sentences and bail opposition.	Monitor the interaction between the detective and prosecutors through the Case Flow Management meetings.	July 2015.	CPF Cluster Chairperson & Cluster Commander
Encourage the CPF to influence sentencing of offenders.				Ongoing	CPF Cluster Chairperson
Establish a forum to promote interaction between prosecutors and detectives.				July 2015	CPF Cluster Chairperson & SAPS Cluster Commander

Ensure that the SAPS communicate the appearance dates of offenders to the CPF and the CPF must write letters to the court to influence the court outcome (opposing bail).					Ongoing	CPF Cluster Chairperson & SAPS Cluster Commander
PARTNERSHIPS						
4. Concern: There is a need for training opportunities for the youth.						
Objective: To have meaningful training opportunities (formal, life skills, etc.) for the youth.						
Activities	Desired Outcome	Indicator (how do we know the outcome is met?)	First Step	Deadline (By When)	Responsible Implementing agent/person	
Conduct life skills workshops e.g. positive parenting, marital counseling, cooking skills, First Aid, Firefighting, Role modeling, etc. Hire qualified and dedicated teachers. Create partnerships with training & development service providers. Facilitate relevant	Responsible, independent youth. Positive behavior change e.g. improved self-esteem and self-worth.	An informed youth.	Engage Mfesane (NGO) to raise funds to training youth in Life Skills. Approach FET colleges to enroll the vulnerable youth who qualify (Less than R10k per month income per household). Identify service providers who can render youth training programmes.	Ongoing	SAPS/CPF/ Mfesane	

<p>Learnership and Mentorship Programmes e.g. scuba diving, artisan, construction, wine making.</p>				<p>Mfesane to engage schools, churches, SAPS, etc. in order to enroll more youth.</p>		
<p>5. Concern: To develop and support a Community Safety Plan</p> <p>Objective: To develop, support and implement a Community Safety Plan.</p>						
Activities	Desired Outcome	Indicator (how do we know the outcome is met?)	First Step	Deadline (By When)	Responsible implementing agent/person	
<p>Arrange an Imbizo of relevant stakeholders and community.</p> <p>Draft a Community Safety Plan with specific action/activities and time frames.</p>	<p>To have a workable, realistic and relevant Community Safety Plan.</p>	<p>To implement an action-oriented Community Safety Plan.</p>	<p>To consult the CPFs in order to make inputs and implement the Community Safety Plan.</p>	<p>Next CPF Exco Meeting</p>	<p>CPF/SAPS</p>	
<p>6. Concern: The lack and need for recreational programmes contribute to the potential increase of substance abuse in the Vredenburg Cluster.</p> <p>Objective: To put in place sustainable recreational community programmes in order to discourage substance abuse.</p>						
Activities	Desired Outcome	Indicator (how do we know the outcome is met?)	First Step	Deadline (By When)	Responsible implementing agent/person	

Promote involvement of youth in arts and culture activities e.g. Drum majorettes, Dancing, Acting, and Singing, etc. Identify role models, coaches, volunteers, and teachers. Organise sponsorships for sports tournaments, talent searches, etc. Participate in sport. Engage with local municipalities to make facilities available for free. Organise Holiday Youth Programmes. Organise Calendar Health Days e.g. Youth Day etc.	Constructively active youth who are not involved in drugs/substance abuse.	Less youth in the community who are involved in drugs/substance abuse and crime.	Engage with local municipality, provincial and national Department of Sport and Recreation. Engage local NGOs involved in sport development. Engage Department of Social Development, municipality, business, and NGOs regarding anti-substance abuse interventions.	1 July 2015 1 July 2015 1 July 2015	CPF/SAPS CPF/SAPS CPF/SAPS
7. Concern: Unemployment in Vredenburg Cluster has a considerable effect as the 'need for money' constitutes a motivator for crime in the region.					
Objective: To create sustainable job opportunities within the cluster.					
Activities	Desired Outcome	Indicator (how do we know the outcome is met?)	First Step	Deadline (By When)	Responsible Implementing agent/person

Facilitate sustainable training opportunities for the youth. Facilitate investments in order to stimulate economic growth in the region. Conduct life skills workshops e.g. positive parenting, marital counselling, cooking skills, First Aid, firefighting, role modeling, etc. Hire qualified and dedicated teachers. Create partnerships with training and development service providers. Facilitate relevant Learnership and Mentorship Programmes, e.g. scuba diving, artisan, construction, Wine making etc.	Improved employment opportunities in the Vredenburg region.	Improved employment opportunities in the Vredenburg region.	Engage local business Chamber of Commerce. Engage Mfesane (NGO) to raise funds to training youth in Life Skills. Approach FET colleges to enroll the vulnerable youth who qualify for R10k pm (income per household). Identify service providers who can render youth training programmes. Approach Mfesane to engage schools, churches, SAPS, etc in order to enroll more youth.	Next CPF meeting.	CPF/Business
<p>8. Concern: To develop a MOU between the Department of Community Safety and the Municipality in terms of community safety commitments.</p> <p>Objective: To have an approved and agreed MOU in place.</p>					
Activities	Desired Outcome	Indicator (how do we know the outcome is met?)	First Step	Deadline (By When)	Responsible implementing agent/person

Arrange a meeting between the CPF/Municipality/DoCS/SAPS. Draft MOU and get approval.	Have in place an approved action-oriented MOU.	Implement an approved action-oriented MOU.	Arrange a meeting with role players. Draft the MOU.	August 2015	Municipality
9. Safety Concern: Ensure all CPFs are registered on the EPP with DoCS and submit reports on time Objective: To enhance CPF performance and access to funds to support their safety and security activities					
Activities	Desired Outcome	Indicator (how do we know the outcome is met?)	First Step	Deadline (By When)	Responsible implementing agent/person
All CPFs to register on EPP and sign MOU with DoCS.	CPFs submit monthly reports. CPF access R30 000 per year. CPFs access matching grant funds.	EPP functionality reports. CPF reports.	CPF to contact DoCS field worker for training and advice.	August 2015	CPF, DoCS
PUBLIC SPACES					
10. Safety Concern: Bushy areas and poor street lighting creates an enabling environment for crime to be committed (Area between Jacobsbaai and Saldanha - gravel road between the two towns). Employees walking from Saldanha to Jacobsbaai being targeted by criminals - relatively affluent area. Hopefield also identified as a hot spot area, old RDP houses and between the new RDP houses. Vredenburg (between the hospital and Louwville) also a concern.					
Objective: Encourage the municipality to address these environmental design issues (inadequate street lighting, bushy areas, etc).					

Activities	Desired Outcome	Indicator (how do we know the outcome is met?)	First Step	Deadline (By When)	Responsible implementing agent/person
Identify and accurately document the problematic geographical areas (Create a list).	A compiled list of areas.	List has been signed off by the different role players and presented at the Station Management meeting and the Monthly Exec meeting and also the PAM.	The CPF per precinct is to request feedback from the community in respect of bushy areas that are poorly lit. The rate payers' association is to also be involved.	60 days from approval of the plan	CPF, Station Commander, Ratepayers Association to be informed.
Send the compiled list of the identified areas to the municipality.	The geographic areas prioritised in the budget meeting of the municipality.	The minutes of the municipal meeting.	Forward the signed list to the respective municipal managers.	30 days from the finalisation of the list	CPF, Station Commander, Municipal Manager
11. Safety Concern: Facilities for the youth and the community of Vredenburg Cluster should be developed. Objective: To render a multi-disciplinary service to the youth and community members to provide them with the needed and coping skills to deal effectively with problems in their community.					
Activities	Desired Outcome	Indicator (how do we know the outcome is met?)	First Step	Deadline (By When)	Responsible implementing agent/person
Establish a needs profile (audit) of services in the community.	A signed-off needs analysis.	Signed off needs analysis by CPF, Station Commander.	CPF to formulate a plan to achieve this activity.	60 days from approval of the plan	CPF

<p>12. Concern: Extended liquor trading hours in Langebaan is contributing to crime in the area.</p> <p>Objective: To get a committee established (CPF, SAPS, Ward Councilors, other stakeholders, Municipality, etc.) which will decide on extension applications. The panel will evaluate applications in a fair process.</p>					
Activities	Desired Outcome	Indicator (how do we know the outcome is met?)	First Step	Deadline (By When)	Responsible implementing agent/person
<p>Establish a forum within the community to address the challenges.</p> <p>Introduce the Forum to the Monthly Executive meetings and station and station management meeting.</p>	<p>A forum established</p>	<p>Established Forum</p> <p>Introduced at the monthly executive & station management meetings.</p> <p>Letter written to the municipal manager (The ward councilor sits on the deciding committee for trading hours extension).</p>	<p>Draft a letter to the municipal manager from the office of the CPF Cluster Chairperson.</p>	<p>30 days</p>	<p>CPF Cluster Chairperson.</p>

12. ANNEXURE 2: SAFETY CONFIDENCE SCORE CARD

A. INTRODUCTION

The Provincial Department of Community Safety adopted the Community Safety Improvement Partnership (CSIP) as its approach to contribute towards Strategic Goal 3: *Increase wellness, safety and tackle social ills*. The CSIP has three elements namely professional policing, promote safety at all public buildings and spaces, and establish safety partnerships. These elements were adopted as the strategic priorities for increasing safety. The outcome indicator for Strategic Goal 3 is the percentage of people in communities reporting that they feel safe (perception /confidence).

The safety confidence score card is an attempt to refine the outcome indicator to measure the perception of safety within different communities, and the impact on interventions over a period of time. The key indicators focus on the elements of the CSIP.

The safety confidence scorecard will be administered as part of the Department of Community Safety's 2015/16 Policing Needs and Priorities process per police cluster. It will be administered to respondents attending the consultative meeting. It will also be distributed to via an electronic questionnaire to the persons who were invited but unable to attend the workshop with the understanding that these respondents are engaged in the community safety environment in one or another capacity.

B. DEMOGRAPHIC DATA

Please indicate which stakeholder group you represent

01 = SAPS	02 = Community Police Forum
03 = Neighbourhood Watch	04 = City Improvement District / Private Security
05 = Community Safety Forum	06 = Business Sector
07 = Not for profit company (NGO)	08 = Faith-based Organisations
09 = Councillors	10 = Municipality
11 = Principals	12 = Other (specify) _____

Please indicate in which police precinct you reside/represent:

01 = Eendekuil	02 = Hopefield
03 = Laaipelek	04 = Langebaan
05 = Piketberg	06 = Porterville

07 = Redelinghuys	08 = Saldanha
09 = St Helena Bay	10 = Vredenburg

Please indicate your gender:

01 = Male	02 = Female
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C: KEY INDICATORS

SCALE

To record the answers we will use a **4 point scale**: Four (**4**) means you strongly agree, One (**1**) means you strongly disagree. There is no right or wrong answer; the purpose of the exercise will be to assess your views and experience in terms of safety in the community.

1. PROFESSIONAL POLICING

Professional policing will focus on the character, attitude, excellence, competency and conduct of the police

To what extent do you agree or disagree with the following statements				
	Strongly disagree	Disagree	Agree	Strongly Agree
1. The police in my area have the skills to carry out their policing requirements.	1	2	3	4
2. The police in my area have sufficient physical resources.	1	2	3	4
3. The police in my area treat the community with courtesy and respect.	1	2	3	4
4. The police in my area arrest criminals.	1	2	3	4
5. The police in my area provide feedback and progress reports on any case	1	2	3	4

reported.					
6. The police in my area respond on time to crime scenes.	1	2	3	4	
7. The police in my area recover stolen property reported to them.	1	2	3	4	
8. I have confidence in the police in my area.	1	2	3	4	
9. The community have access to information from the police on their services	1	2	3	4	
10. I have confidence in the Criminal Justice System (Police, Courts, NPA and Correctional Services)	1	2	3	4	
11. I can complain about the service of the police if I have a concern/complaint.	1	2	3	4	
12. I think the police (SAPS Law Enforcement) in my area are not corrupt.	1	2	3	4	
13. I have confidence in the Justice system	1	2	3	4	
14. I have confidence in the National Prosecuting Authority (NPA)	1	2	3	4	
15. I have confidence in the Department of Correctional Services (Prisons)	1	2	3	4	
16. I think the police (SAPS, Law enforcement) in my area are corrupt	1	2	3	4	
2. PUBLIC SPACES					

Public space will focus on the perception of safety of members of the public when they utilize public spaces and buildings.

I feel safe at the following places in my area

		Strongly disagree	Disagree	Agree	Strongly Agree
17. In my home during the day		1	2	3	4
18. In my home during the night		1	2	3	4
19. On the street during the day		1	2	3	4
20. On the street during the night		1	2	3	4
21. In public commercial/retail places (Shopping centres, Malls, Spaza, etc.) during the day		1	2	3	4
22. In public commercial/retail places (Shopping centres, Malls, Spaza, etc.) during the night		1	2	3	4
23. In public transportation hubs (taxi ranks/bus/train stations) during the day		1	2	3	4
24. In public transportation hubs (taxi ranks/bus/train stations) during the night		1	2	3	4
25. Travelling in my private vehicle during the day		1	2	3	4
26. Travelling in my private vehicle during the night		1	2	3	4
27. Travelling on public transport during the day		1	2	3	4
28. Travelling on public transport during the night		1	2	3	4
29. Accessing communal services (toilets/taps, etc.) during the day		1	2	3	4
30. Accessing communal services (toilets/taps, etc.) during the night		1	2	3	4
31. Open spaces and recreational areas during the day		1	2	3	4

32. Open spaces and recreational areas during the night	1	2	3	4
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3. ESTABLISH SAFETY PARTNERSHIPS

Establish safety partnerships will focus on the knowledge of public of existing partnership and willingness to participate and support these partnerships.

3.1 Community Policing Forum (CPF)

Community Policing Forum (CPF)				
	Strongly disagree	Disagree	Agree	Strongly Agree
33. I know about the work of the CPF in my area	1	2	3	4
34. I am willing to participate in the activities of the CPF	1	2	3	4
35. The CPF contributes to safety in the community	1	2	3	4

3.2 Community Safety Forum (CSF)

Community Safety Forum (CSF)				
	Strongly disagree	Disagree	Agree	Strongly Agree
36. I know about the activities of the CSF	1	2	3	4
37. I am willing to participate in the activities of the CSF	1	2	3	4

38. The CSF contributes to safety in the community	1	2	3	4
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3.3 Neighbourhood Watch (NHW)

Neighbourhood Watch (NHW)				
	Strongly disagree	Disagree	Agree	Strongly Agree
39. I know about the activities of the neighborhood watch.	1	2	3	4
40. I am willing to participate in the activities of the neighborhood watch.	1	2	3	4
41. The neighbourhood watch contributes to safety in the community.	1	2	3	4

3.4 Reservist Programme of SAPS

Reservist Programme of SAPS				
	Strongly disagree	Disagree	Agree	Strongly Agree
42. I know about the work of the Reservist Programme of SAPS.	1	2	3	4
43. I am willing to participate in the work of the Reservist Programme of SAPS if I were eligible.	1	2	3	4
44. SAPS reservists contribute to safety in the community.	1	2	3	4



Western Cape
Government
Community Safety



Community Safety
Improvement Partnership

VREDENBURG CLUSTER SAFETY PLAN

27/26 June 2015

2015/16

Safety Plan for the Vredenburg Cluster: 26/27 June 2015

PROFESSIONAL POLICING

1. **Safety Concern:** Substance abuse (drugs & alcohol) in the Vredenburg Police Cluster is the source and cause of all other crimes (contact and property crime included).

Objective: To reduce drug and alcohol abuse in the Vredenburg Police Cluster.

Activities	Desired Outcome	Indicator (how do we know the outcome is met?)	First Step	Deadline (By When)	Responsible Implementing agent/person
Compile Memorandum of Agreement (MOA) between all government departments in relation to safety and security with specific focus on their role in addressing substance abuse.	Better living conditions for the Vredenburg Police Cluster community	<p>Increase in drug related crimes statistics (Police detection).</p> <p>Crime reduction.</p> <p>Drug houses close down.</p> <p>Drugs lords removed from the community.</p>	<p>Write a letter to DoCS and the MEC for Community Safety regarding the need for MOA with all role players in the safety and security arena.</p>	July 2015	CPF Cluster Chairperson & SAPS Cluster Commander
Increase and strengthen the informer/ community network per police station in cluster.					SAPS
Involve CPF to implement drug awareness programmes per police precinct.					CPF Cluster Chairperson &

Establish additional rehabilitation centres in the Cluster.		Number of established rehabilitation centres.			Department of Social Development
SARS to develop a hotline for communities to report suspicious people which have assets but do not have identifiable employment.		Hotline number established by SAPS.			SAPS CPF Cluster Chairperson & SAPS Cluster Commander
2. Safety Concern: Concerns about the SAPS service delivery in the Vredenberg Police Cluster (SAPS code of conduct, discipline, language barrier, resource shortfall, SAPS response time, lack of police visibility).					
Objective: To improve SAPS service delivery through awareness campaigns promoting the suggestion box and explaining the code of conduct to the community (Client/customer).					
Activities	Desired Outcome	Indicator (how do we know the outcome is met?)	First Step	Deadline (By When)	Responsible implementing agent/person
Write a letter outlining the police resource shortfall per police station in the Cluster and sent it to the Provincial Commissioner's office.	Improved service delivery by the SAPS	Reduction in 101 complaints against SAPS members. Number of police officers per station reflected in SAPS establishment plan.	Convene Public Accountability meetings (external imbizo's to provide feedback to communities and stakeholders).	First imbizo in July and August	SAPS Station Commander & CPF chairperson per police station
Speed up reservist recruitment process in the cluster.				Thereafter, once per quarter.	SAPS Cluster Commander
Implement an internship programme per police station.		Number of internal and external Imbizo's held per station.			CPF Cluster Chairperson & SAPS Cluster

Recruit, train and resource NHW in the cluster to support the police.					Commander and DOCS
Assess the SAPS recruitment process in order to effect changes at the SAPS training colleges.			Number of awareness campaigns held per police station. Relevant changes effected in the training of the SAPS.		
3. Concern: Ineffective Criminal Justice System (light and lenient sentences, easy bail) Objective: To improve the functioning of the Criminal Justice System					
Activities	Desired Outcome	Indicator (how do we know the outcome is met?)	First Step	Deadline (By When)	Responsible Implementing agent/person
Administer heavier sentences for offenders.	Safe and protected community by the Criminal Justice System	Improved conviction & detection rates.	Prosecutors to be invited to the next Cluster meeting.	July 2015.	CPF Cluster Chairperson & Cluster Commander
Encourage prosecutors to attend Public Accountability Meetings and PNP sessions.	Corresponding sentences to the crime committed by the offender.	Number of meetings between prosecutors and detectives.	Monitor the interaction between the detective and prosecutors through the Case Flow Management meetings.	July 2015.	CPF Cluster Chairperson & Cluster Commander
Encourage the CPF to influence sentencing of offenders.	Heavier sentences/punishment	Number of incidents where CPF gave input		Ongoing	CPF Cluster Chairperson

Establish a forum to promote interaction between prosecutors and detectives.	meted for serious and repeat offenders.	in terms of sentences and bail opposition.		July 2015	CPF Cluster Chairperson & SAPS Cluster Commander
Ensure that the SAPS communicate the appearance dates of offenders to the CPF and the CPF must write letters to the court to influence the court outcome (opposing bail).				Ongoing	CPF Cluster Chairperson & SAPS Cluster Commander
PARTNERSHIPS					
<p>4. Concern: There is a need for training opportunities for the youth.</p> <p>Objective: To have meaningful training opportunities (formal, life skills, etc.) for the youth.</p>					
Activities	Desired Outcome	Indicator (how do we know the outcome is met?)	First Step	Deadline (By When)	Responsible implementing agent/person
Conduct life skills workshops e.g. positive parenting, marital counseling, cooking skills, First Aid, Firefighting, Role modeling, etc. Hire qualified and dedicated teachers.	Responsible, independent youth. Positive behavior change e.g. improved self-esteem and self-worth.	An informed youth.	Engage Mfesane (NGO) to raise funds to training youth in Life Skills. Approach FET colleges to enroll the vulnerable youth who qualify (Less than R10k per month income per household).	Ongoing	SAPS/CPF/ Mfesane

Create partnerships with training & development service providers. Facilitate relevant Learnership and Mentorship Programmes e.g. scuba diving, artisan, construction, wine making.			Identify service providers who can render youth training programmes. Mfesane to engage schools, churches, SAPS, etc. in order to enroll more youth.		
<p>5. Concern: To develop and support a Community Safety Plan</p> <p>Objective: To develop, support and implement a Community Safety Plan.</p>					
Activities	Desired Outcome	Indicator (how do we know the outcome is met?)	First Step	Deadline (By When)	Responsible implementing agent/person
Arrange an Imbizo of relevant stakeholders and community. Draft a Community Safety Plan with specific action/activities and time frames.	To have a workable, realistic and relevant Community Safety Plan.	To implement an action-oriented Community Safety Plan.	To consult the CPFs in order to make inputs and implement the Community Safety Plan.	Next CPF Exco Meeting	CPF/SAPS
<p>6. Concern: The lack and need for recreational programmes contribute to the potential increase of substance abuse in the Vredenburg Cluster.</p> <p>Objective: To put in place sustainable recreational community programmes in order to discourage substance abuse.</p>					

Activities	Desired Outcome	Indicator (how do we know the outcome is met?)	First Step	Deadline (By When)	Responsible implementing agent/person
Promote involvement of youth in arts and culture activities e.g. Drum majorettes, Dancing, Acting, and Singing, etc. Identify role models, coaches, volunteers, and teachers. Organise sponsorships for sports tournaments, talent searches, etc. Participate in sport. Engage with local municipalities to make facilities available for free. Organise Holiday Youth Programmes.	Constructively active youth who are not involved in drugs/substance abuse.	Less youth in the community who are involved in drugs/substance abuse and crime.	Engage with local municipality, provincial and national Department of Sport and Recreation. Engage local NGOs involved in sport development. Engage Department of Social Development, municipality, business, and NGOs regarding anti-substance abuse interventions.	1 July 2015 1 July 2015 1 July 2015	CPF/SAPS CPF/SAPS CPF/SAPS
<p>7. Concern: Unemployment in Vredenburg Cluster has a considerable effect as the 'need for money' constitutes a motivator for crime in the region.</p> <p>Objective: To create sustainable job opportunities within the cluster.</p>					

Activities	Desired Outcome	Indicator (how do we know the outcome is met?)	First Step	Deadline (By When)	Responsible implementing agent/person
Facilitate sustainable training opportunities for the youth. Facilitate investments in order to stimulate economic growth in the region. Conduct life skills workshops e.g. positive parenting, marital counselling, cooking skills, First Aid, firefighting, role modeling, etc. Hire qualified and dedicated teachers. Create partnerships with training and development service providers. Facilitate relevant Learnership and Mentorship Programmes, e.g. scuba diving, artisan, construction, wine making etc.	Improved employment opportunities in the Vredenburg region.	Improved employment opportunities in the Vredenburg region.	Engage local business Chamber of Commerce. Engage Mfesane (NGO) to raise funds to training youth in Life Skills. Approach FET colleges to enroll the vulnerable youth who qualify for R10k pm (income per household). Identify service providers who can render youth training programmes. Approach Mfesane to engage schools, churches, SAPS, etc in order to enroll more youth.	Next CPF meeting.	CPF/Business
<p>8. Concern: To develop a MOU between the Department of Community Safety and the Municipality in terms of community safety commitments.</p> <p>Objective: To have an approved and agreed MOU in place.</p>					

Activities	Desired Outcome	Indicator (how do we know the outcome is met?)	First Step	Deadline (By When)	Responsible implementing agent/person
Arrange a meeting between the CPF/Municipality/DoCS/SAPS. Draft MOU and get approval.	Have in place an approved action-oriented MOU.	Implement an approved action-oriented MOU.	Arrange a meeting with role players. Draft the MOU.	August 2015	Municipality
9. Safety Concern: Ensure all CPFs are registered on the EPP with DoCS and submit reports on time Objective: To enhance CPF performance and access to funds to support their safety and security activities					
Activities	Desired Outcome	Indicator (how do we know the outcome is met?)	First Step	Deadline (By When)	Responsible implementing agent/person
All CPFs to register on EPP and sign MOU with DoCS.	CPF submit monthly reports. CPF access R30 000 per year. CPF access matching grant funds.	EPP functionality reports. CPF reports.	CPF to contact DoCS field worker for training and advice.	August 2015	CPF, DoCS
PUBLIC SPACES					

10. Safety Concern: Bushy areas and poor street lighting creates an enabling environment for crime to be committed (Area between Jacobsbaai and Saldanha - gravel road between the two towns). Employees walking from Saldanha to Jacobsbaai being targeted by criminals – relatively affluent area. Hopefield also identified as a hot spot area, old RDP houses and between the new RDP houses. Vredenburg (between the hospital and Louwville) also a concern.

Objective: Encourage the municipality to address these environmental design issues (inadequate street lighting, bushy areas, etc).

Activities	Desired Outcome	Indicator (how do we know the outcome is met?)	First Step	Deadline (By When)	Responsible Implementing agent/person
Identify and accurately document the problematic geographical areas (Create a list).	A compiled list of areas.	List has been signed off by the different role players and presented at the Station Management meeting and the Monthly Exec meeting and also the PAM.	The CPF per precinct is to request feedback from the community in respect of bushy areas that are poorly lit. The rate payers' association is to also be involved.	60 days from approval of the plan	CPF, Station Commander, Ratepayers Association to be informed.
Send the compiled list of the identified areas to the municipality.	The geographic areas prioritised in the budget meeting of the municipality.	The minutes of the municipal meeting.	Forward the signed list to the respective municipal managers.	30 days from the finalisation of the list	CPF, Station Commander, Municipal Manager

11. Safety Concern: Facilities for the youth and the community of Vredenburg Cluster should be developed.

Objective: To render a multi-disciplinary service to the youth and community members to provide them with the needed and coping skills to deal effectively with problems in their community.

Activities	Desired Outcome	Indicator (how do we know the outcome is met?)	First Step	Deadline (By When)	Responsible implementing agent/person
Establish a needs profile (audit) of services in the community.	A signed-off needs analysis.	Signed off needs analysis by CPF, Station Commander.	CPF to formulate a plan to achieve this activity.	60 days from approval of the plan	CPF
<p>12. Concern: Extended liquor trading hours in Langebaan is contributing to crime in the area.</p> <p>Objective: To get a committee established (CPF, SAPs, Ward Councilors, other stakeholders, Municipality, etc.) which will decide on extension applications. The panel will evaluate applications in a fair process.</p>					
Activities	Desired Outcome	Indicator (how do we know the outcome is met?)	First Step	Deadline (By When)	Responsible implementing agent/person
<p>Establish a forum within the community to address the challenges.</p> <p>Introduce the Forum to the Monthly Executive meetings and station and station management meeting.</p>	A forum established	<p>Established Forum Introduced at the monthly executive & station management meetings.</p> <p>Letter written to the municipal manager (The ward councilor sits on the deciding committee for trading hours extension).</p>	Draft a letter to the municipal manager from the office of the CPF Cluster Chairperson.	30 days	CPF Cluster Chairperson.

REPUBLIC OF SOUTH AFRICA

DIVISION OF REVENUE BILL

*(As introduced in the National Assembly (proposed section 76); explanatory summary of
Bill published in Government Gazette No. 39707 of 18 February 2016)
(The English text is the official text of the Bill)*

(MINISTER OF FINANCE)

[B 2—2016]

ISBN 978-1-4850-0294-9

No. of copies printed800

BILL

To provide for the equitable division of revenue raised nationally among the national, provincial and local spheres of government for the 2016/17 financial year, the determination of each province's equitable share and allocations to provinces, local government and municipalities from national government's equitable share and the responsibilities of all three spheres pursuant to such division and allocations; and to provide for matters connected therewith.

PREAMBLE

WHEREAS section 214(1) of the Constitution of the Republic of South Africa, 1996, requires an Act of Parliament to provide for—

- (a) the equitable division of revenue raised nationally among the national, provincial and local spheres of government;
- (b) the determination of each province's equitable share of the provincial share of that revenue; and
- (c) any other allocations to provinces, local government or municipalities from the national government's share of that revenue, and any conditions on which those allocations may be made;

WHEREAS section 7(3) of the Money Bills Amendment Procedure and Related Matters Act, 2009 (Act No. 9 of 2009), requires the introduction of the Division of Revenue Bill at the same time as the Appropriation Bill is introduced,

BE IT THEREFORE ENACTED by the Parliament of the Republic of South Africa, as follows:—

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CHAPTER 1

INTERPRETATION AND OBJECTS OF ACT

Interpretation

1. (1) In this Act, unless the context indicates otherwise, any word or expression to which a meaning has been assigned in the Public Finance Management Act or the Municipal Finance Management Act has the meaning assigned to it in the Act in question, and—

“**accreditation**” means accreditation of a municipality, in terms of section 10(2) of the Housing Act, 1997 (Act No. 107 of 1997), to administer national housing programmes, read with Part 3 of the National Housing Code, 2009 (Financial Interventions: Accreditation of Municipalities);

“**allocation**” means the equitable share allocation to the national sphere of government in Schedule 1, a province in Schedule 2 or a municipality in Schedule 3, or a conditional allocation;

“**category A, B or C municipality**” means a category A, B or C municipality envisaged in section 155(1) of the Constitution;

“**conditional allocation**” means an allocation to a province or municipality from the national government’s share of revenue raised nationally, envisaged in section 214(1)(c) of the Constitution, as set out in Schedule 4, 5, 6 or 7;

“**Constitution**” means the Constitution of the Republic of South Africa, 1996;

“**corporation for public deposits account**” means a bank account of the Provincial Revenue Fund held with the Corporation for Public Deposits, established by the Corporation for Public Deposits Act, 1984 (Act No. 46 of 1984);

“**disaster**” means a national, provincial or local state of disaster declared in terms of section 27, 41 or 55 of the Disaster Management Act, 2002 (Act No. 57 of 2002);

“**Education Infrastructure Grant**” means the Education Infrastructure Grant referred to in Part A of Schedule 4;

“**financial year**” means, in relation to—

(a) a national or provincial department, the year ending 31 March; or

(b) a municipality, the year ending 30 June;

“**framework**” means the conditions and other information in respect of a conditional allocation published in terms of section 16 or 26;

“**Health Facility Revitalisation Grant**” means the Health Facility Revitalisation Grant referred to in Part A of Schedule 5;

“**Human Settlements Development Grant**” means the Human Settlements Development Grant referred to in Part A of Schedule 5;

“**Integrated City Development Grant**” means the Integrated City Development Grant referred to in Part B of Schedule 4;

“**Integrated National Electrification Programme Grant**” means the Integrated National Electrification Programme Grant referred to in Part B of Schedule 5 or Part B of Schedule 6;

“**legislation**” means national legislation or provincial legislation as defined in section 239 of the Constitution;

“**level one accreditation**” means accreditation to render beneficiary management, subsidy budget planning and allocation, and priority programme management and administration, of national housing programmes;

“**level three accreditation**” means an executive assignment to administer all aspects, including financial administration, of national housing programmes;

“**level two accreditation**” means accreditation to render full programme management and administration of all housing instruments and national housing programmes in addition to the responsibilities under a level one accreditation;

“**Maths, Science and Technology Grant**” means the Maths, Science and Technology Grant referred to in Part A of Schedule 5;

“**medium term expenditure framework**” means a budgeting framework applied by the National Treasury which—

(a) translates government policies and plans into a multi-year spending plan; and
(b) promotes transparency, accountability and effective public financial management;

- “metropolitan municipality”** means a metropolitan municipality as defined in section 1 of the Municipal Structures Act;
- “Municipal Finance Management Act”** means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);
- “Municipal Structures Act”** means the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998); 5
- “Municipal Systems Act”** means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000);
- “Neighbourhood Development Partnership Grant”** means the Neighbourhood Development Partnership Grant referred to in Part B of Schedule 5 or Part B of Schedule 6; 10
- “organ of state”** means an organ of state as defined in section 239 of the Constitution;
- “overpayment”** means the transfer of more than the allocated amount of an allocation or the transfer of an allocation not in accordance with a payment schedule; 15
- “payment schedule”** means a schedule which sets out—
- (a) the amount of each transfer of a provincial equitable share or a conditional allocation for a province or municipality to be transferred in terms of this Act;
 - (b) the date on which each transfer must be paid; and 20
 - (c) to whom, and to which bank account, each transfer must be paid;
- “prescribe”** means prescribe by regulation in terms of section 37;
- “primary bank account”** in relation to—
- (a) a province, means a bank account of the Provincial Revenue Fund, envisaged in section 21(2) of the Public Finance Management Act and which the accounting officer of the provincial treasury has certified to the National Treasury; or 25
 - (b) a municipality, means the bank account of the municipality as determined in terms of section 8 of the Municipal Finance Management Act;
- “Provincial Roads Maintenance Grant”** means the Provincial Roads Maintenance Grant referred to in Part A of Schedule 4; 30
- “Public Finance Management Act”** means the Public Finance Management Act, 1999 (Act No. 1 of 1999);
- “Public Transport Network Grant”** means the Public Transport Network Grant referred to in Part B of Schedule 5; 35
- “Public Transport Operations Grant”** means the Public Transport Operations Grant referred to in Part A of Schedule 4;
- “quarter”** means, in relation to—
- (a) a national or provincial department, the period from— 40
 - (i) 1 April to 30 June;
 - (ii) 1 July to 30 September;
 - (iii) 1 October to 31 December; or
 - (iv) 1 January to 31 March; or
 - (b) a municipality— 45
 - (i) 1 July to 30 September;
 - (ii) 1 October to 31 December;
 - (iii) 1 January to 31 March; or
 - (iv) 1 April to 30 June;
- “receiving officer”** means, in relation to—
- (a) a Schedule 4, 5 or 7 allocation transferred to a province, the accounting officer of the provincial department which receives that allocation or a portion thereof for expenditure via an appropriation from its Provincial Revenue Fund; or 50
 - (b) a Schedule 4, 5 or 7 allocation transferred or provided in kind to a municipality, the accounting officer of the municipality; 55
- “receiving provincial department”** in relation to a Schedule 4, 5 or 7 allocation transferred to a province, means the provincial department which receives that allocation or a portion thereof for expenditure via an appropriation from its Provincial Revenue Fund;
- “School Infrastructure Backlogs Grant”** means the School Infrastructure Backlogs Grant referred to in Part A of Schedule 6; 60
- “this Act”** includes any framework or allocation published, or any regulation made, in terms of this Act;

“transferring officer” means the accounting officer of a national department that transfers a Schedule 4, 5 or 7 allocation to a province or municipality or spends a Schedule 6 allocation on behalf of a province or municipality;

“Urban Settlements Development Grant” means the Urban Settlements Development Grant referred to in Part B of Schedule 4;

“working day” means any day except a Saturday, a Sunday or a public holiday as defined in the Public Holidays Act, 1994 (Act No. 36 of 1994).

(2) Any approval, certification, decision, determination, instruction, notification, notice or request in terms of this Act must be in writing.

Objects of Act

2. The objects of this Act are—

- (a) as required by section 214(1) of the Constitution, to provide for—
 - (i) the equitable division of revenue raised nationally among the three spheres of government;
 - (ii) the determination of each province’s equitable share of the provincial share of that revenue;
 - (iii) other allocations to provinces, local government or municipalities from the national government’s share of that revenue and conditions on which those allocations are made;
- (b) to promote predictability and certainty in respect of all allocations to provinces and municipalities, in order that provinces and municipalities may plan their budgets over a multi-year period and thereby promote better coordination between policy, planning and budgeting; and
- (c) to promote transparency and accountability in the resource allocation process, by ensuring that all allocations, except Schedule 6 allocations, are reflected on the budgets of provinces and municipalities and the expenditure of conditional allocations is reported on by the receiving provincial departments and municipalities.

CHAPTER 2

EQUITABLE SHARE ALLOCATIONS

Equitable division of revenue raised nationally among spheres of government

3. (1) Revenue raised nationally in respect of the 2016/17 financial year must be divided among the national, provincial and local spheres of government as set out in Column A of Schedule 1.

(2) The envisaged division among the national, provincial and local spheres of government of revenue anticipated to be raised nationally in respect of the 2017/18 financial year and the 2018/19 financial year, and which is subject to the Division of Revenue Acts for those financial years, is set out in Column B of Schedule 1.

Equitable division of provincial share among provinces

4. (1) Each province’s equitable share of the provincial share of revenue raised nationally in respect of the 2016/17 financial year is set out in Column A of Schedule 2.

(2) The envisaged equitable share for each province of revenue anticipated to be raised nationally in respect of the 2017/18 financial year and the 2018/19 financial year, and which is subject to the Division of Revenue Acts for those financial years, is set out in Column B of Schedule 2.

(3) The National Treasury must transfer each province’s equitable share referred to in subsection (1) to the corporation for public deposits account of the province in accordance with the payment schedule determined in terms of section 23.

Equitable division of local government share among municipalities

5. (1) Each municipality’s equitable share of local government’s share of revenue raised nationally in respect of the 2016/17 financial year is set out in Column A of Schedule 3.

(2) The envisaged equitable share for each municipality of revenue anticipated to be raised nationally in respect of the 2017/18 financial year and the 2018/19 financial year, and which is subject to the Division of Revenue Acts for those financial years, is set out in Column B of Schedule 3.

(3) The national department responsible for local government must, subject to section 38(3), transfer a municipality's equitable share referred to in subsection (1) to the primary bank account of the municipality in three transfers on 4 July 2016, 1 December 2016 and 17 March 2017, in the amounts determined in terms of section 23(2). 5

Shortfalls and excess revenue

6. (1) If the actual revenue raised nationally in respect of the 2016/17 financial year falls short of the anticipated revenue set out in Column A of Schedule 1, the national government bears the shortfall. 10

(2) If the actual revenue raised nationally in respect of the 2016/17 financial year exceeds the anticipated revenue set out in Column A of Schedule 1, the excess accrues to the national government, and may be used to reduce borrowing or pay debt as part of its share of revenue raised nationally. 15

(3) A portion of national government's equitable share or excess revenue envisaged in subsection (2), may be appropriated through the applicable legislation envisaged in section 12 of the Money Bills Amendment Procedure and Related Matters Act, 2009 (Act No. 9 of 2009), to make further allocations to— 20

- (a) national departments; or
- (b) provinces or municipalities.

CHAPTER 3

CONDITIONAL ALLOCATIONS TO PROVINCES AND MUNICIPALITIES

Part 1 25

Conditional allocations

Conditional allocations to provinces

7. (1) Conditional allocations to provinces for the 2016/17 financial year from the national government's share of revenue raised nationally are set out in—

- (a) Part A of Schedule 4, specifying allocations to provinces to supplement the funding of programmes or functions funded from provincial budgets; 30
- (b) Part A of Schedule 5, specifying specific purpose allocations to provinces;
- (c) Part A of Schedule 6, specifying allocations-in-kind to provinces for designated special programmes; and
- (d) Part A of Schedule 7, specifying funds that are not allocated to specific provinces, that may be released to provinces to fund an immediate response to a disaster. 35

(2) An envisaged division of conditional allocations to provinces from the national government's share of revenue anticipated to be raised nationally for the 2017/18 financial year and the 2018/19 financial year, which is subject to the annual Division of Revenue Acts for those years, is set out in Column B of the Schedules referred to in subsection (1). 40

Conditional allocations to municipalities

8. (1) Conditional allocations to municipalities in respect of the 2016/17 financial year from the national government's share of revenue raised nationally are set out in— 45

- (a) Part B of Schedule 4, specifying allocations to municipalities to supplement the funding of functions funded from municipal budgets;
- (b) Part B of Schedule 5, specifying specific purpose allocations to municipalities;
- (c) Part B of Schedule 6, specifying allocations-in-kind to municipalities for designated special programmes; and 50

- (d) Part B of Schedule 7, specifying funds that are not allocated to specific municipalities that may be released to municipalities to fund an immediate response to a disaster.
- (2) An envisaged division of conditional allocations to municipalities from the national government's share of revenue anticipated to be raised nationally for the 2017/18 financial year and the 2018/19 financial year, which is subject to the annual Division of Revenue Acts for those years, is set out in Column B of the Schedules referred to in subsection (1).
- (3) If approved by the National Treasury after consultation with the national Department of Transport, allocations for specific transport contracts for capital projects from the envisaged conditional allocations for the Public Transport Network Grant listed in Column B of Part B of Schedule 5, may not be altered downwards in the Division of Revenue Acts for the 2017/18 financial year and 2018/19 financial year.
- (4) (a) A municipality may only with the approval of the National Treasury pledge, offer as security or commit to a person or institution any envisaged conditional allocation to the municipality for the 2017/18 financial year and the 2018/19 financial year, for the purpose of securing a loan or any other form of financial or other support from that person or institution.
- (b) Before making a decision, the National Treasury must—
- (i) notify the relevant transferring officer of the approval sought by a municipality and that the officer may submit comment to the National Treasury regarding the approval sought, within five working days after notification or such longer period as the National Treasury may approve; and
 - (ii) consider any comment so submitted by the officer.
- (c) A municipality must report on any project pledged to be partially or fully funded in terms of paragraph (a) in the format and on the dates determined by the National Treasury.

Part 2

Duties of accounting officers in respect of Schedule 4 to 7 allocations

Duties of transferring officer in respect of Schedule 4 allocations

9. (1) The transferring officer of a Schedule 4 allocation must—
- (a) ensure that transfers to all provinces and municipalities are—
 - (i) deposited only into the primary bank account of the relevant province or municipality; and
 - (ii) made in accordance with the payment schedule determined in terms of section 23, unless allocations are withheld or stopped in terms of section 18 or 19;
 - (b) monitor information on financial and non-financial performance of programmes partially or fully funded by an allocation in Part A of Schedule 4, in accordance with subsection (2) and the applicable framework;
 - (c) monitor information on financial and non-financial performance of the Urban Settlements Development Grant and Integrated City Development Grant against the capital budget and the service delivery and budget implementation plan;
 - (d) comply with the applicable framework;
 - (e) submit a quarterly financial and non-financial performance report within 45 days after the end of each quarter to the National Treasury in terms of the applicable framework; and
 - (f) evaluate the performance of programmes funded or partially funded by the allocation and the submission of such evaluations to the National Treasury—
 - (i) in respect of a provincial department, within four months after the end of the 2016/17 financial year of the provincial department; and
 - (ii) in respect of a municipality, within four months after the end of the 2016/17 financial year of the municipality.
- (2) Any monitoring programme or system that is utilised to monitor information on financial and non-financial performance of a programme partially or fully funded by a Schedule 4 allocation must—
- (a) be approved by the National Treasury;

- (b) not impose any excessive administrative responsibility on receiving officers beyond the provision of standard management and budget information;
- (c) be compatible and integrated with and not unnecessarily duplicate other relevant national, provincial and local systems; and
- (d) support compliance with section 11(2). 5

(3) A transferring officer may only transfer the Urban Settlements Development Grant to a recipient metropolitan municipality, if the municipality has submitted a built environment performance plan in terms of section 14(1).

Duties of transferring officer in respect of Schedule 5 or 6 allocations

10. (1) The transferring officer of a Schedule 5 or 6 allocation must— 10

- (a) not later than 14 days after this Act takes effect, certify to the National Treasury that—
 - (i) any monitoring or system that is utilised, is compatible and integrated with and does not duplicate other relevant national, provincial and local systems; and 15
 - (ii) in respect of a Schedule 5 allocation, any plans requested in respect of how allocations will be utilised by a province or municipality, as the case may be, have been approved before the start of the financial year.
- (b) in respect of Schedule 5 allocations—
 - (i) transfer funds only after receipt of all information required to be submitted by the receiving officer in terms of this Act and submission of all relevant information to the National Treasury; 20
 - (ii) transfer funds in accordance with the payment schedule determined in terms of section 23, unless allocations are withheld or stopped in terms of section 18 or 19; and 25
 - (iii) deposit funds only into the primary bank account of the relevant province or municipality; and
- (c) ensure that all other provisions of this Act and the relevant framework for the transfer of the allocation are complied with.

(2) The transferring officer must submit all relevant information and documentation referred to in subsection (1)(a) to the National Treasury within 14 days after this Act takes effect. 30

(3) A transferring officer, who has not complied with subsection (1), must transfer the allocation in the manner instructed by the National Treasury, including transferring the allocation as an unconditional allocation. 35

(4) Before making the first transfer of any allocation in terms of subsection (1)(b), the transferring officer must take note of any notice in terms of section 31(1) containing the details of the relevant primary bank accounts.

(5) The transferring officer of a Schedule 5 allocation to a municipality is responsible for monitoring financial and non-financial performance information on programmes funded by the allocation. 40

(6) The transferring officer of a Schedule 5 or 6 allocation must, as part of the reporting envisaged in section 40(4)(c) of the Public Finance Management Act, submit information, in the format determined by the National Treasury, for the month in question, and for the 2016/17 financial year up to the end of that month, on— 45

- (a) the amount of funds transferred to a province or municipality;
- (b) the amount of funds for any province or municipality withheld or stopped in terms of section 18 or 19, the reasons for the withholding or stopping and the steps taken by the transferring officer and the receiving officer to deal with the matters or causes that necessitated the withholding or stopping of the payment; 50
- (c) the actual expenditure incurred by the province or municipality in respect of a Schedule 5 allocation;
- (d) the actual expenditure incurred by the transferring officer in respect of a Schedule 6 allocation; 55
- (e) any matter or information that may be required by the relevant framework for the particular allocation; and
- (f) such other matters as the National Treasury may determine.

(7) A transferring officer must submit to the National Treasury—

- (a) a monthly provincial report on infrastructure expenditure partially or fully funded by the Health Facility Revitalisation Grant, National Health Insurance 60

- Indirect Grant, School Infrastructure Backlogs Grant or Maths, Science and Technology Grant within 22 days after the end of each month, in the format determined by the National Treasury; and
- (b) a quarterly performance report of all programmes partially or fully funded by a Schedule 5 or 6 allocation within 45 days after the end of each quarter, in accordance with the relevant framework. 5
- (8) The transferring officer must evaluate the performance of all programmes partially or fully funded by a Schedule 5 or 6 allocation and submit such evaluations to the National Treasury—
- (a) in respect of a provincial department, within four months after the end of the 2016/17 financial year of the provincial department; and 10
- (b) in respect of a municipality, within four months after the end of the 2016/17 financial year of the municipality.
- (9) The transferring officer for the Public Transport Network Grant, Neighbourhood Development Partnership Grant or Integrated National Electrification Programme Grant to a metropolitan municipality— 15
- (a) may only transfer the grant if the municipality has submitted a built environment performance plan in terms of section 14(1);
- (b) must take into account that built environment performance plan when monitoring and evaluating the performance of the municipality and assessing envisaged plans and allocations for the municipality. 20
- (10) The transferring officer of the Human Settlements Development Grant may only transfer the grant to a province after the relevant receiving officer has complied with section 12(6)(a) and (b).

Duties of receiving officer in respect of Schedule 4 allocations 25

11. (1) The receiving officer of a Schedule 4 allocation is responsible for—
- (a) complying with the relevant framework for the Schedule 4 allocation; and
- (b) the manner in which the Schedule 4 allocation received from a transferring officer is allocated and spent.
- (2) The receiving officer of a municipality must— 30
- (a) ensure and certify to the National Treasury that the municipality—
- (i) indicates each programme partially or fully funded by a Schedule 4 allocation in its annual budget and that the Schedule 4 allocation is specifically and exclusively appropriated in that budget for utilisation only according to the purpose of the allocation; and 35
- (ii) makes public, in terms of section 21A of the Municipal Systems Act, the conditions and other information in respect of the allocation, to facilitate performance measurement and the use of required inputs and outputs;
- (b) when submitting the municipality's statements in terms of section 71 of the Municipal Finance Management Act for September 2016, December 2016, 40 March 2017 and June 2017, report to the transferring officer, the relevant provincial treasury and the National Treasury—
- (i) in respect of the Urban Settlements Development Grant and the Integrated City Development Grant, on financial performance against its capital budget and the measures defined in its service delivery and budget implementation plan; and 45
- (ii) in respect of any other Schedule 4 allocation, on financial performance of programmes partially or fully funded by the allocation; and
- (c) within 30 days after the end of each quarter, report to the transferring officer and the National Treasury— 50
- (i) in respect of the Urban Settlements Development Grant and the Integrated City Development Grant, on non-financial performance for that quarter against the measures defined in its service delivery and budget implementation plan; and
- (ii) in respect of any other Schedule 4 allocation, on non-financial 55 performance of programmes partially or fully funded by the allocation.
- (3) The National Treasury must make the report submitted to it in terms of subsection (2)(b) or (c) available to the transferring officer of the Urban Settlements Development Grant, Public Transport Network Grant and Integrated National Electrification Programme Grant and the accounting officer of any other national department having 60 responsibilities relating to the applicable allocation.

- (4) The receiving officer of a provincial department must submit to the relevant provincial treasury and the transferring officer—
- (a) as part of the report required in section 40(4)(c) of the Public Finance Management Act, reports on financial and non-financial performance of programmes partially or fully funded by a Schedule 4 allocation; 5
 - (b) a quarterly non-financial performance report of programmes partially or fully funded by a Schedule 4 allocation within 30 days after the end of each quarter; and
 - (c) a monthly provincial report on infrastructure programmes partially or fully funded by a Schedule 4 allocation within 15 days after the end of each month, in the format determined by the National Treasury. 10
- (5) The receiving officer must report on programmes partially or fully funded by a Schedule 4 allocation against the relevant framework in its annual financial statements and annual report.
- (6) The receiving officer must evaluate the financial and non-financial performance of the provincial department or municipality, as the case may be, in respect of programmes partially or fully funded by a Schedule 4 allocation and submit such evaluation to the transferring officer and the relevant provincial treasury within two months— 15
- (a) in respect of a provincial department, after the end of the 2016/17 financial year of the provincial department; and 20
 - (b) in respect of a municipality, after the end of the 2016/17 financial year of the municipality.

Duties of receiving officer in respect of Schedule 5 or 7 allocations

- 12.** (1) The receiving officer of a Schedule 5 or 7 allocation must ensure compliance with the relevant framework. 25
- (2) The relevant receiving officer must, in respect of a Schedule 5 or 7 allocation transferred to—
- (a) a province, as part of the report required in section 40(4)(c) of the Public Finance Management Act, report on the matters referred to in subsection (3) and submit a copy of that report to the relevant provincial treasury and the transferring officer; 30
 - (b) a municipality, as part of the report required in terms of section 71 of the Municipal Finance Management Act, report on the matters referred to in subsection (4) and submit a copy of that report to the relevant provincial treasury, the National Treasury and the relevant transferring officer; and 35
 - (c) a province or municipality, submit a quarterly non-financial performance report within 30 days after the end of each quarter to the transferring officer and the relevant provincial treasury.
- (3) A report for a province in terms of subsection (2)(a) must set out for the month in question and for the 2016/17 financial year up to the end of the month— 40
- (a) the amount received by the province;
 - (b) the amount of funds stopped or withheld in terms of section 18 or 19 and the reason for the stopping or withholding;
 - (c) the actual expenditure by the province in respect of Schedule 5 and 7 allocations; 45
 - (d) the amount transferred to any national or provincial public entity to implement a programme funded by a Schedule 5 allocation on behalf of a province or to assist the province in implementing the programme;
 - (e) the available figures regarding the expenditure by a public entity referred to in paragraph (d); 50
 - (f) the extent of compliance with this Act and with the conditions of the allocation provided for in its framework, based on the available information at the time of reporting;
 - (g) an explanation of any material difficulties experienced by the province regarding an allocation which has been received and a summary of the steps taken to deal with such difficulties; 55
 - (h) any matter or information that may be determined in the framework for the allocation; and
 - (i) such other matters and information as the National Treasury may determine.

(4) A report for a municipality in terms of subsection (2)(b) must set out for the month in question and for the 2016/17 financial year up to the end of the month—

- (a) the amount received by the municipality;
- (b) the amount of funds stopped or withheld in terms of section 18 or 19 and the reason for the stopping or withholding; 5
- (c) the extent of compliance with this Act and with the conditions of the allocation or part of the allocation provided for in its framework;
- (d) an explanation of any material problems experienced by the municipality regarding an allocation which has been received and a summary of the steps taken to deal with such problems; 10
- (e) any matter or information that may be determined in the framework for the allocation; and
- (f) such other matters and information as the National Treasury may determine.

(5) The receiving officer must evaluate the financial and non-financial performance of the provincial department or municipality, as the case may be, in respect of programmes partially or fully funded by a Schedule 5 allocation and submit such evaluation to the transferring officer and the relevant provincial treasury within two months— 15

- (a) in respect of a provincial department, after the end of the 2016/17 financial year of the provincial department; and
- (b) in respect of a municipality, after the end of the 2016/17 financial year of the municipality. 20

(6) (a) The receiving officer of the Human Settlements Development Grant must, in consultation with the transferring officer, publish in the *Gazette* within 14 days after this Act takes effect, the planned expenditure from the Human Settlements Development Grant, for the 2016/17 financial year, the 2017/18 financial year and the 2018/19 financial year per municipality with level one or level two accreditation. 25

(b) The planned expenditure must indicate the expenditure to be undertaken directly by the province and transfers to each municipality.

(c) The receiving officer of the Human Settlements Development Grant may, by notice in the *Gazette*, after taking into account the performance of the municipality and after consultation with the affected municipality and in consultation with the transferring officer, amend the planned expenditure for that municipality published in terms of paragraph (a). 30

Duties of receiving officer in respect of infrastructure conditional allocations to provinces 35

13. (1) The receiving officer of the Education Infrastructure Grant, Health Facility Revitalisation Grant, Human Settlements Development Grant or Provincial Roads Maintenance Grant must—

- (a) submit to the relevant provincial treasury a list of all infrastructure projects partially or fully funded by the relevant grant over the medium term expenditure framework for tabling as part of the estimates of provincial expenditure in the provincial legislature in the format determined by the National Treasury; 40
- (b) within seven days after the tabling in the legislature, submit the list to the transferring officer and the National Treasury; 45
- (c) after consultation with the provincial treasury and the transferring officer, submit any amendments to the list, together with reasons for the amendments, to the provincial treasury for tabling with the adjusted estimates of provincial expenditure;
- (d) within seven days after the tabling in the legislature, submit the amended list to the transferring officer and the National Treasury; 50
- (e) report on all infrastructure expenditure partially or fully funded by the relevant grant to the transferring officer, relevant provincial treasury and the National Treasury in the format and on the date determined by the National Treasury; 55
- (f) within 15 days after the end of each month, submit to the relevant provincial treasury and transferring officer, a draft report on infrastructure programmes partially or fully funded from those grants in the format determined by the National Treasury;

- (g) within 22 days after the end of each month, submit to the National Treasury, a final draft report on infrastructure programmes partially or fully funded from those grants;
 - (h) within 29 days after the end of each month, submit to the relevant provincial treasury, the transferring officer and the National Treasury, a final report; and 5
 - (i) within two months after the end of the 2016/17 financial year—
 - (i) evaluate the financial and non-financial performance of the province in respect of programmes partially or fully funded by the grant based on the infrastructure budget of the province; and
 - (ii) submit the evaluation to the transferring officer, the relevant provincial treasury and the National Treasury. 10
- (2) The receiving officer of the Education Infrastructure Grant or Health Facility Revitalisation Grant must—
- (a) within 15 days after the end of each quarter, submit to the transferring officer and the relevant provincial treasury a draft report on the filling of posts on the approved establishment for the infrastructure unit of the affected provincial department in a format determined by the National Treasury; 15
 - (b) within 22 days after the end of each quarter, submit to the National Treasury, a final draft report on the filling of posts on the approved establishment for the infrastructure unit of the affected provincial department; 20
 - (c) within 29 days after the end of each quarter, submit to the transferring officer, the relevant provincial treasury and the National Treasury, a final report on the filling of posts on the approved establishment for the infrastructure unit of the affected provincial department; and
 - (d) ensure that projects comply with infrastructure delivery management best practice standards and guidelines, as identified and approved by the National Treasury. 25

Infrastructure conditional allocations to metropolitan municipalities

14. (1) The receiving officer of a metropolitan municipality must, by 27 May 2016, submit to the National Treasury a built environment performance plan that includes all projects partially or fully funded by— 30
- (a) the Integrated City Development Grant, Urban Settlements Development Grant, Public Transport Network Grant, Neighbourhood Development Partnership Grant or Integrated National Electrification Programme Grant referred to in Part B of Schedule 5; and 35
 - (b) money allocated for the Human Settlements Development Grant received from a province.
- (2) The built environment performance plan, referred to in subsection (1), must—
- (a) be in the format determined by the National Treasury, including information on the project pipeline for catalytic urban development projects; 40
 - (b) demonstrate that the planned expenditure in the municipality's integration zones from all the grants referred to in subsection (1)(a) collectively, increases annually; and
 - (c) be approved by its municipal council.
- (3) The National Treasury must, within seven days after the submission in terms of subsection (1), make available each built environment performance plan to all affected transferring officers and provincial departments. 45
- (4) (a) The receiving officer must report in its annual financial statements on the expenditure from each of the grants mentioned in subsection (1)(a) in each integration zone of the municipality against its built environment performance plan. 50
- (b) The transferring officer of the Integrated National Electrification Programme Grant referred to in Part B of Schedule 6 must report in its annual financial statements on the expenditure in each integration zone of every municipality against the built environment performance plan of the municipality.

Duties in respect of annual financial statements and annual reports for 2016/17 55

15. (1) The 2016/17 financial statements of a national department responsible for transferring an allocation in Schedule 4, 5 or 7 must, in addition to any requirement of any other legislation—

- (a) indicate the total amount of that allocation transferred to a province or municipality;
 - (b) indicate any transfer withheld or stopped in terms of section 18 or 19 in respect of each province or municipality and the reason for the withholding or stopping; 5
 - (c) indicate any transfer not made in accordance with the payment schedule or amended payment schedule, unless withheld or stopped in terms of section 18 or 19, and the reason for the non-compliance;
 - (d) indicate any reallocations by the National Treasury in terms of section 20;
 - (e) certify that all transfers to a province or municipality were deposited into the primary bank account of a province or municipality; and 10
 - (f) indicate the funds, if any, utilised for the administration of the allocation by the receiving officer.
- (2) The 2016/17 annual report of a national department responsible for transferring an allocation in Schedule 4, 5 or 7 must, in addition to any requirement of any other legislation indicate— 15
- (a) the reasons for the withholding or stopping of all transfers to a province or municipality in terms of section 18 or 19;
 - (b) the extent that compliance with this Act by provinces or municipalities was monitored; 20
 - (c) the extent that the allocation achieved its objectives and outputs; and
 - (d) any non-compliance with this Act, and the steps taken to address the non-compliance.
- (3) The 2016/17 financial statements of a provincial department responsible for receiving an allocation in Schedule 4, 5 or 7 must, in addition to any requirement of any other legislation— 25
- (a) indicate the total amount of all allocations received;
 - (b) indicate the total amount of actual expenditure on each Schedule 5 or 7 allocation; and
 - (c) certify that all transfers of allocations in Schedules 4, 5 and 7 to the province were deposited into the primary bank account of the province. 30
- (4) The 2016/17 annual report of a provincial department receiving an allocation in Schedule 4, 5 or 7 must, in addition to any requirement of any other legislation—
- (a) indicate the extent that the provincial department complied with this Act;
 - (b) indicate the steps taken to address non-compliance with this Act; 35
 - (c) indicate the extent that the allocation achieved its objectives and outputs;
 - (d) contain any other information that may be specified in the framework for the allocation; and
 - (e) contain such other information as the National Treasury may determine. 40
- (5) The 2016/17 financial statements and annual report of a municipality receiving an allocation in Schedule 4, 5 or 7 must be prepared in accordance with the Municipal Finance Management Act.
- (6) The National Treasury may determine how transferring officers and receiving officers must report on conditional allocations to municipalities within 30 days after the end of each quarter to facilitate the audit of the allocations for the 2016/17 financial year. 45

Part 3

Matters relating to Schedule 4 to 7 allocations

Publication of allocations and frameworks

- 16.** (1) The National Treasury must, within 14 days after this Act takes effect, publish by notice in the *Gazette*— 50
- (a) the conditional allocations per municipality for Part B of Schedule 5 allocations;
 - (b) the indicative conditional allocations per province for Part A of Schedule 6 allocations and per municipality for Part B of Schedule 6 allocations; and
 - (c) the framework for each conditional allocation in Schedules 4 to 7. 55
- (2) For purposes of correcting an error or omission in an allocation or framework published in terms of subsection (1)(a) or (c), the National Treasury must—
- (a) on its initiative and after consultation with the relevant transferring officer; or

(b) at the written request of the relevant transferring officer, by notice in the *Gazette*, amend the affected allocation or framework.

(3) The National Treasury may, after consultation with the relevant transferring officer and by notice in the *Gazette*, amend an indicative conditional allocation in Schedule 6 published in terms of subsection (1)(b).

(4) Before amending a framework in terms of subsection (2), the National Treasury must submit the proposed amendment to Parliament for comment for a period of 14 days when Parliament is in session.

(5) An amendment in terms of subsection (2) or (3) takes effect on the date of publication of the notice in the *Gazette*.

Expenditure in terms of purpose and subject to conditions

17. (1) Despite a provision of other legislation to the contrary, an allocation referred to in Schedules 4 to 7 may only be utilised for the purpose stipulated in the Schedule concerned and in accordance with the applicable framework.

(2) A receiving officer may not transfer any portion of a Schedule 5 allocation to any other organ of state for the performance of a function to be funded by the allocation, unless before the transfer is made, the receiving officer and the organ of state agree to a payment schedule, the receiving officer has notified the transferring officer and the National Treasury approves the agreed payment schedule and—

(a) the transfer—

(i) is approved in the budget for the receiving provincial department or municipality; or

(ii) if not so approved—

(aa) the receiving officer notifies the National Treasury that the purpose of the transfer is not to artificially inflate the expenditure estimates of the relevant provincial department or municipality and indicates the reasons for the transfer; and

(bb) the National Treasury approves the transfer; or

(b) the transfer is for the payment for services or goods procured in accordance with the supply chain management policy or procurement policy of the relevant province or municipality and, if it is an advance payment, paragraph (a)(ii) applies with the necessary changes.

(3) For purposes of the implementation of a Schedule 6 allocation to a municipality—

(a) Eskom Holdings Limited may receive funds directly from the transferring officer of the Department of Energy;

(b) a water board, as defined in section 1 of the Water Services Act, 1997 (Act No. 108 of 1997), may receive funds directly from the transferring officer of the Department of Water and Sanitation.

(4) (a) For purposes of the Human Settlements Development Grant, a receiving officer and a municipality with level one, two or three accreditation as at 1 April 2016, must, by the date determined by the National Treasury, comply with subsection (2) by—

(i) entering into a payment schedule; and

(ii) submitting the payment schedule to the National Treasury.

(b) If a municipality receives accreditation after 1 April 2016, the National Treasury may approve that paragraph (a) applies.

(c) If the transfer of the Human Settlements Development Grant to a municipality with level three accreditation is withheld or stopped in terms of section 18 or 19, the receiving officer must request the National Treasury to amend the payment schedule in terms of section 24.

(5) If a function which is partially or fully funded by a conditional allocation to a province is assigned to a municipality, as envisaged in section 10 of the Municipal Systems Act—

(a) the funds from the conditional allocation for the province for the function must be stopped in terms of section 19 and reallocated in terms of section 20 to the municipality which has been assigned the function;

(b) if possible, the province must finalise any project or fulfil any contract regarding the function before the date the function is assigned and, if not finalised, the province must notify the relevant municipality and the National Treasury;

(c) any project or contract regarding the function not finalised or fulfilled at the date at which the function is assigned, must be subjected to an external audit

and the province and the municipality must enter into an agreement to complete the project or fulfil the contract through ceding it to the municipality;

- (d) money that is retained by the province for any contract related to the function that is not ceded to the municipality must be spent by 31 March 2017 and will not be available in terms of section 30 of the Public Finance Management Act or section 22(2); 5
- (e) the receiving officer of the province must submit to the transferring officer and the National Treasury a list of liabilities attached to the function, that were not transferred to the municipality, within seven days after the function is assigned to provide for the adjustment of the applicable allocations; and 10
- (f) the receiving officer of the municipality must, within one month from the date of the stopping of funds in paragraph (a), submit to the transferring officer a revised plan for its planned expenditure.

Withholding of allocations

15

18. (1) Subject to subsections (2) and (3), a transferring officer may withhold the transfer of a Schedule 4 or 5 allocation, or any portion thereof, for a period not exceeding 30 days, if—

- (a) the province or municipality does not comply with any provision of this Act;
- (b) roll-overs of conditional allocations approved by the National Treasury in terms of section 22 have not been spent; or 20
- (c) a satisfactory explanation is not given for significant under-expenditure on previous transfers during the 2016/17 financial year.

(2) If an allocation is withheld in terms of subsection (1), it suspends the applicable payment schedule approved in terms of section 23(3) until it is amended in terms of section 24. 25

(3) The amount withheld in terms of this section in the case of the Health Professions Training and Development Grant or the National Tertiary Services Grant listed in Part A of Schedule 4 may not exceed five per cent of the next transfer as contained in the relevant payment schedule. 30

(4) A transferring officer must, at least seven working days before withholding an allocation in terms of subsection (1)—

- (a) give the relevant receiving officer—
 - (i) notice of the intention to withhold the allocation; and
 - (ii) an opportunity to submit written representations as to why the allocation should not be withheld; and 35
- (b) inform the relevant provincial treasury and the National Treasury, and in respect of any conditional allocation to a municipality, also the provincial department responsible for local government.

(5) A notice envisaged in subsection (4) must include the reasons for withholding the allocation and the intended duration of the withholding to inform the amendment of the payment schedule in terms of section 24. 40

(6) (a) The National Treasury may instruct, or approve a request from, the transferring officer to withhold an allocation in terms of subsection (1) for a period longer than 30 days, but not exceeding 120 days, if the withholding will— 45

- (i) facilitate compliance with this Act; or
- (ii) minimise the risk of under-spending.

(b) When requesting the withholding of an allocation in terms of this subsection, a transferring officer must submit to the National Treasury proof of compliance with subsection (4) and any representations received from the receiving officer. 50

(c) The transferring officer must again comply with subsection (4) when the National Treasury instructs or approves a request by the transferring officer in terms of paragraph (a).

Stopping of allocations

19. (1) Despite section 18, the National Treasury may, in its discretion or on request of a transferring officer or a receiving officer stop the transfer of a Schedule 4 or 5 allocation, or a portion thereof, to a province or municipality— 55

- (a) in the case of—

- (i) a province, if a serious or persistent material breach of this Act, as envisaged in section 216(2) of the Constitution, occurs; or
 - (ii) a municipality, if—
 - (aa) a serious or persistent material breach of this Act, as envisaged in section 216(2) of the Constitution, read with section 38(1)(b)(i) of the Municipal Finance Management Act, occurs; or
 - (bb) a breach or failure to comply, as envisaged in section 38(1)(b)(ii) of the Municipal Finance Management Act occurs;
 - (b) if the National Treasury anticipates that a province or municipality will substantially underspend on the allocation, or any programme, partially or fully funded by the allocation, in the 2016/17 financial year; or
 - (c) for purposes of the assignment of a function from a province to a municipality, as envisaged in section 10 of the Municipal Systems Act;
- (2) The National Treasury must, before stopping an allocation in terms of subsection (1)(a)(i) or (b)—
- (a) comply with the procedures in section 18(4)(a); and
 - (b) inform the relevant provincial treasury of its intention to stop the allocation.
- (3) The National Treasury must, before stopping an allocation in terms of subsection (1)(a)(ii), comply with the applicable provisions of section 38 of the Municipal Finance Management Act.
- (4) The National Treasury must give notice in the *Gazette* of the stopping of an allocation in terms of this section and include in the notice the effective date of, and reason for, the stopping.
- (5) (a) If—
- (i) an allocation, or any portion thereof, is stopped in terms of subsection (1)(a) or (b); and
 - (ii) the relevant transferring officer certifies in writing to the National Treasury that the payment of an amount in terms of a statutory or contractual obligation is overdue and the allocation, or a portion thereof, was intended for payment of the amount,
- the National Treasury may, by notice in the *Gazette*, approve that the allocation, or any portion thereof, be utilised to pay that amount partially or fully.
- (b) The utilisation of funds envisaged in this subsection is a direct charge against the National Revenue Fund.

Reallocation of funds

- 20.** (1) When a Schedule 4 or 5 allocation or a portion thereof is stopped in terms of section 19(1)(a) or (b), the National Treasury may, after consultation with the transferring officer and the relevant provincial treasury, determine the portion of the allocation to be reallocated, as the same type of allocation as it was allocated originally, to one or more provinces or municipalities, on condition that the allocation must be spent by the end of the 2016/17 financial year.
- (2) (a) When a Schedule 4 or 5 allocation, or a portion thereof, is stopped in terms of section 19(1)(c), the National Treasury must, after consultation with the transferring officer and the relevant provincial treasury, determine the portion of the allocation to be reallocated, as the same type of allocation as it was allocated originally, to the affected municipalities, on condition that the allocation must be spent by the end of the 2016/17 financial year.
- (b) The portion of the allocation reallocated in terms of paragraph (a) is, with effect from the notice in the *Gazette* in terms of subsection (3)(a), regarded as having been converted to an allocation in Part B of the same Schedule it appears before the reallocation.
- (3) (a) If the transferring officer of a Schedule 6 allocation indicates in writing to the National Treasury that a portion of the allocation is likely to be underspent, or needs to be reprioritised to meet a priority, the National Treasury may, at the request of the transferring officer, determine that the portion be reallocated, as the same type of allocation as it was allocated originally, to a provincial department of another province or to another municipality.
- (b) Before requesting a reallocation, the transferring officer must notify the affected provincial department or municipality of the proposed reallocation and give the provincial department or municipality at least 14 days to provide comments and propose changes.

(c) When making a request in terms of paragraph (a), the transferring officer must submit to the National Treasury comments and proposed changes provided by the affected provincial department or municipality in terms of paragraph (b).

(d) The reallocated portion must be spent by the end of the 2016/17 financial year.

(e) The reallocated portion is regarded as having been converted to an allocation to the relevant provincial department or municipality with effect from the date of the notice in the *Gazette* in terms of subsection (4)(a). 5

(4) (a) The National Treasury must—

(i) give notice in the *Gazette* of a reallocation in terms of subsection (1), (2) or (3); and 10

(ii) provide a copy of the notice to the transferring officer and each affected receiving officer.

(b) The reallocation of a portion of an allocation not spent by the end of 2016/17 financial year is eligible for a roll-over in terms of section 22(2).

(5) (a) When an intervention in terms of section 100 or 139 of the Constitution or section 137, 139 or 150 of the Municipal Finance Management Act takes place, the National Treasury may, despite subsection (1) and on such conditions as it may determine, authorise in relation to— 15

(i) section 100 of the Constitution, the transferring officer to spend an allocation stopped in terms of section 19 on behalf of the relevant province; 20

(ii) section 139 of the Constitution or section 137 or 139 of the Municipal Finance Management Act, the intervening province to spend an allocation stopped in terms of section 19 of this Act on behalf of the relevant municipality; or

(iii) section 150 of the Municipal Finance Management Act, the relevant transferring officer to spend an allocation stopped in terms of section 19 on behalf of the relevant municipality. 25

(b) An allocation that is spent by the transferring officer or intervening province referred to in paragraph (a) must, for the purposes of this Act, be regarded as a Schedule 6 allocation from the date on which the authorisation is given.

(6) (a) On a joint request by the transferring officer and the National Disaster Management Centre, established by section 8 of the Disaster Management Act, 2002 (Act No. 57 of 2002), the National Treasury may approve that a conditional allocation in Schedule 4, 5 or 6, or a portion thereof, be reallocated to pay for the alleviation of the impact of a disaster or the reconstruction or rehabilitation of infrastructure damage caused by a disaster. 30 35

(b) Before the National Treasury approves a reallocation, the receiving officer of the conditional allocation in Schedule 4 or 5 or the transferring officer of a Schedule 6 allocation must confirm that the affected funds are not committed in terms of any statutory or contractual obligation.

(c) The reallocated funds must be used in the 2016/17 financial year in the same sphere the allocation was originally made and for the same functional area that the original allocation relates to. 40

(d) The transferring officer must determine the conditions for spending the reallocated funds, after consultation with the National Disaster Management Centre and with the approval of the National Treasury. 45

(e) Subsection (4) applies with the necessary changes to a reallocation in terms of this subsection to another province or municipality.

Conversion of allocations

21. (1) If satisfied that—

(a) the conversion will prevent under-expenditure or improve the level of service delivery in respect of the allocation in question; and 50

(b) the affected national or provincial department or municipality has demonstrated the capacity to implement projects,

the National Treasury may, in its discretion after consultation with the relevant transferring officer and receiving officer or at the request of the transferring officer or the affected receiving officer, convert any portion of— 55

(i) an allocation listed in Part B of Schedule 5 to one listed in Part B of Schedule 6;

(ii) an allocation listed in Part B of Schedule 6 to one listed in Part B of Schedule 5; 60

- (iii) the School Infrastructure Backlogs Grant to the Education Infrastructure Grant; or
 - (iv) the National Health Insurance Indirect Grant listed in Part A of Schedule 6 to the Health Facility Revitalisation Grant or the National Health Insurance Grant listed in Part A of Schedule 5. 5
- (2) If satisfied that a municipality has failed to follow procurement procedures prescribed in terms of the Municipal Finance Management Act, the National Treasury may, in its discretion after consultation with the relevant transferring officer or at the request of the transferring officer or the affected receiving officer, convert any portion of an allocation listed in Part B of Schedule 5 to one listed in Part B of Schedule 6. 10
- (3) Any portion of an allocation converted in terms of subsections (1) or (2) must be utilised for the same province or municipality to which the allocation was originally made.
- (4) The National Treasury must—
- (a) give notice in the *Gazette* of a conversion in terms of subsection (1) or (2); and 15
 - (b) provide a copy of the notice to the transferring officer and each affected receiving officer.
- (5) A conversion in terms of subsection (1) or (2) takes effect on the date of publication of the notice in terms of subsection (4)(a).
- (6) If an allocation listed in Part B of Schedule 7 is insufficient for a disaster referred to in section 26(3)(a), the National Treasury may, after consultation with or on the request of the relevant transferring officer, convert any portion of an allocation listed in— 20
- (a) Part A of Schedule 7 to one listed in Part B of Schedule 7; or
 - (b) Part B of Schedule 7 to one listed in Part A of Schedule 7. 25
- (7) The National Treasury must—
- (a) in the notice published in terms of section 26(3)(c), include notification of the conversion in terms of subsection (6) and the effective date referred to in subsection (8); or
 - (b) provide a copy of the notice to the transferring officer. 30
- (8) A conversion in terms of subsection (6) takes effect on the date that the National Treasury approves it.

Unspent conditional allocations

- 22.** (1) Despite a provision to the contrary in the Public Finance Management Act or the Municipal Finance Management Act, any conditional allocation, or a portion thereof, that is not spent at the end of the 2016/17 financial year reverts to the National Revenue Fund, unless the roll-over of the allocation is approved in terms of subsection (2). 35
- (2) The National Treasury may, at the request of a transferring officer, receiving officer or provincial treasury, approve a roll-over of a conditional allocation to the 2017/18 financial year if the unspent funds are committed to identifiable projects. 40
- (3) (a) The receiving officer must ensure that any funds that must revert to the National Revenue Fund in terms of subsection (1), are paid into that Fund by the date determined by the National Treasury.
- (b) The receiving officer must— 45
- (i) in the case of a provincial department, request the roll-over of unspent funds through its provincial treasury; and
 - (ii) inform the transferring officer of all processes regarding the request.
- (4) The National Treasury may, subject to subsection (5), offset any funds that must revert to the National Revenue Fund in terms of subsection (1), but not paid into that Fund by the date determined in terms of subsection (3)(a)— 50
- (a) in the case of a province, against future advances for conditional allocations to that province; or
 - (b) in the case of a municipality, against future advances for the equitable share or conditional allocations to that municipality. 55
- (5) Before any funds are offset in terms of subsection (4), the National Treasury must give the relevant transferring officer, province or municipality—
- (a) notice of the intention to offset amounts against future advances for allocations, the intended amount to be offset against allocations and the reasons for the offsetting; and 60

- (b) an opportunity, within 14 days of receipt of the notice, to—
 - (i) submit written representations and other written proof that the allocation, or a portion thereof, was either spent in terms of the relevant framework or is committed to identifiable projects;
 - (ii) propose alternative means acceptable to the National Treasury by which the unspent allocations can be paid into the National Revenue Fund; and
 - (iii) propose an alternative payment schedule in terms of which the unspent allocations will be paid into the National Revenue Fund.

CHAPTER 4

MATTERS RELATING TO ALL ALLOCATIONS

Payment requirements

- 23.** (1) (a) The National Treasury must, after consultation with the provincial treasury, determine the payment schedule for the transfer of a province's equitable share allocation.
- (b) In determining the payment schedule, the National Treasury must take into account the monthly expenditure commitments of provinces and seek to minimise risk and debt servicing costs for national and provincial government.
- (c) Despite paragraph (a), the National Treasury may advance funds to a province in respect of its equitable share or a portion of it which has not yet fallen due for transfer in terms of the payment schedule—
- (i) for cash management purposes relating to the corporation for public deposits account or when an intervention in terms of section 100 of the Constitution takes place; and
 - (ii) on such conditions as it may determine.
- (d) Any advances in terms of paragraph (c) must be offset against transfers to the province which would otherwise become due in terms of the payment schedule.
- (2) (a) The National Treasury must, after consultation with the national department responsible for local government, determine the amount of a municipality's equitable share allocation to be transferred on each date referred to in section 5(3) and, if applicable, section 38(3).
- (b) Despite paragraph (a), the National Treasury may approve a request or direct that the equitable share or a portion of the equitable share which has not yet fallen due for transfer in terms of section 5(3) or 38(3), be advanced to a municipality—
- (i) after consultation with the national department responsible for local government;
 - (ii) for purposes of cash management in the municipality or an intervention in terms of section 139 of the Constitution or section 137, 139 or 150 of the Municipal Finance Management Act; and
 - (iii) on such conditions as it may determine.
- (c) Any advance in terms of paragraph (b) must be offset against transfers to the municipality which would otherwise become due in terms of section 5(3) or 38(3).
- (3) (a) Subject to section 28(1), the National Treasury must, within 14 days after this Act takes effect, approve the payment schedule for the transfer of an allocation listed in Schedule 4 or 5 to a province or municipality.
- (b) The transferring officer of a Schedule 4 or 5 allocation must submit a payment schedule to the National Treasury for approval before the first transfer is made.
- (c) Before the submission of a payment schedule in terms of paragraph (b), the transferring officer must, in relation to a Schedule 4 or 5 allocation, consult the relevant receiving officer.
- (4) The transferring officer of a Schedule 4 or 5 allocation must provide the receiving officer and the relevant provincial treasury with a copy of the approved payment schedule before making the first transfer in terms thereof.
- (5) The transfer of a Schedule 4 or 5 allocation to a municipality must accord with the financial year of the municipality.
- (6) Each transfer of an equitable share or a conditional allocation to a municipality in terms of this Act must be made through a payment system provided by the National Treasury.

Amendment of payment schedule

24. (1) (a) Subject to subsection (2), a transferring officer of a Schedule 4 or 5 allocation must, within seven days of the withholding or stopping of an allocation in terms of section 18 or 19, submit an amended payment schedule to the National Treasury for approval. 5

(b) No transfers may be made until the National Treasury has approved the amended payment schedule.

(2) For purposes of better management of debt and cash-flow or addressing financial mismanagement or financial misconduct or slow or accelerated expenditure, the National Treasury may amend any payment schedule for an allocation listed in Schedule 2, 4 or 5, after notifying, in the case of— 10

(a) an allocation to a province, the provincial treasury in question;

(b) an allocation to a municipality, the national department responsible for local government;

(c) a Schedule 4 or 5 allocation, the relevant transferring officer. 15

(3) The amendment of a payment schedule in terms of subsection (1) or (2) must take into account—

(a) the monthly expenditure commitments of provinces or municipalities;

(b) the revenue at the disposal of provinces or municipalities; and

(c) the minimisation of risk and debt servicing costs for all three spheres of government. 20

(4) The transferring officer must immediately inform the receiving officer of any amendment to a payment schedule in terms of subsection (1) or (2).

Transfers made in error or fraudulently

25. (1) Despite a provision of other legislation to the contrary, the transfer of an allocation that is an overpayment to a province, municipality or public entity, made in error or fraudulently, is regarded as not legally due to that province, municipality or public entity, as the case may be. 25

(2) The responsible transferring officer must, without delay, recover an overpayment referred to in subsection (1), unless an instruction has been issued in terms of subsection (3). 30

(3) The National Treasury may instruct that the recovery referred to in subsection (2) be effected by set-off against future transfers to the affected province, municipality or public entity in terms of a payment schedule.

New allocations during financial year and Schedule 7 allocations

26. (1) If further allocations are made to provinces or municipalities, as envisaged in section 6(3), the National Treasury must, before the transfer of any funds to a province or municipality, by notice in the *Gazette* and as applicable— 35

(a) amend any allocation or framework published in terms of section 16;

(b) publish the allocation per municipality for any new Part B of Schedule 5 allocation or the indicative allocation per municipality for any new Part B of Schedule 6 allocation; or 40

(c) publish a framework for any new Schedule 4, 5, 6 or 7 allocation.

(2) Section 16(2) to (5) applies with the necessary changes to allocations and frameworks published in terms of subsection (1). 45

(3) (a) The transferring officer may, with the approval of the National Treasury, make one or more transfers of a Schedule 7 allocation to a province or municipality for a disaster within 100 days after the date of the declaration of the disaster.

(b) The transferring officer must notify the relevant provincial treasury and the National Treasury within 14 days of a transfer of a Schedule 7 allocation to a province or municipality. 50

(c) The National Treasury must, within 21 days after the end of the 100 day period referred to in paragraph (a), by notice in the *Gazette* publish all transfers of a Schedule 7 allocation made for a disaster.

(d) A Schedule 7 allocation transferred to a province or municipality must be appropriated either in the provincial adjustments appropriation legislation, municipal adjustments budgets or other appropriation legislation.

Preparations for 2017/18 financial year and 2018/19 financial year

27. (1) (a) A category C municipality that receives a conditional allocation in terms of this Act must, using the indicative conditional allocations to that municipality for the 2017/18 financial year and the 2018/19 financial year as set out in Column B of the Schedules to this Act, by 3 October 2016—

(i) agree on the provisional allocations and the projects to be funded from those allocations in the 2017/18 financial year and the 2018/19 financial year with each category B municipality within the category C municipality's area of jurisdiction; and

(ii) submit to the transferring officer—
 (aa) the provisional allocations referred to in subparagraph (i); and
 (bb) the projects referred to in subparagraph (i), listed per municipality.

(b) If a category C municipality and a category B municipality cannot agree on the allocations and projects referred to in paragraph (a), the category C municipality must request the relevant transferring officer to facilitate agreement.

(c) The transferring officer must take all necessary steps to facilitate agreement as soon as possible, but no later than 60 days after receiving a request referred to in paragraph (b).

(d) Any proposed amendment or adjustment of the allocations that is intended to be published in terms of section 30(3)(b) must be agreed with the relevant category B municipality, the transferring officer and the National Treasury, before publication and the submission of the allocations referred to in paragraph (a)(ii).

(e) If agreement is not reached between the category C municipality and the category B municipality on the provisional allocations and projects referred to in paragraph (a) before 3 October 2016, the National Treasury may determine the provisional allocations and provide those provisional allocations to the affected municipalities and the transferring officer.

(f) (i) The transferring officer must submit the final allocations based on the provisional allocations referred to in paragraph (a)(i) and (ii) and (e) to the National Treasury by 2 December 2016.

(ii) If the transferring officer fails to submit the allocations referred to in subparagraph (i) by 2 December 2016, the National Treasury may determine the appropriate allocations, taking into consideration the indicative allocations for the 2017/18 financial year.

(2) (a) The transferring officer of a conditional allocation, using the indicative conditional allocations for the 2017/18 financial year and the 2018/19 financial year as set out in Column B of the affected Schedules to this Act, must, by 3 October 2016, submit to the National Treasury—

(i) the provisional allocations to each province or municipality in respect of new conditional allocations to be made in the 2017/18 financial year;

(ii) any amendments to the indicative allocations for each province or municipality set out in Column B of the affected Schedules in respect of existing conditional allocations; and

(iii) the draft frameworks for the allocations referred to in subparagraphs (i) and (ii);

(iv) electronic copies of any guidelines, business plan templates and other documents referred to in the draft frameworks referred to in subparagraph (iii).

(b) When a document, referred to in a draft framework, that is submitted in terms of paragraph (a)(iii), is amended, the transferring officer must immediately provide the National Treasury and each receiving officer with electronic copies of the revised document.

(c) The National Treasury must approve any proposed amendment or adjustment for the 2017/18 financial year of the allocation criteria of an existing conditional allocation before the submission of the provisional allocations and draft frameworks.

(d) (i) The transferring officer must, under his or her signature, submit the final allocations and frameworks based on the provisional allocations and frameworks to the National Treasury by 2 December 2016.

(ii) The transferring officer may in writing delegate to an employee of his or her department the signing off envisaged in subparagraph (i), and, in the event of such delegation, a copy of the written delegation must accompany the allocations and frameworks submitted in terms of subparagraph (i).

(e) If the transferring officer fails to comply with paragraph (a) or (d), the National Treasury may determine the appropriate draft or final allocations and frameworks taking into consideration the indicative allocations for the 2017/18 financial year. 5

(f) (i) The National Treasury may amend final allocations and frameworks in order to ensure equitable and stable allocations and fair and consistent grant conditions.

(ii) The National Treasury must give notice to the transferring officer of the intention to amend frameworks and allocations and invite the submission of written comment within seven days after the date of the notification. 10

(g) The draft and final frameworks and allocations must be submitted in the format determined by the National Treasury.

(3) The National Treasury may instruct transferring officers, accounting officers of the provincial treasuries and receiving officers to submit to it such plans and information for any conditional allocation as it may determine at specified dates before the start of the 2017/18 financial year. 15

(4) (a) For purposes of the Education Infrastructure Grant or Health Facility Revitalisation Grant in the 2017/18 financial year, the receiving officer of the relevant provincial department must, in the format and on the date determined by the National Treasury, submit to the transferring officer, the relevant provincial treasury and the National Treasury— 20

(i) a user asset management plan for all infrastructure programmes for a period of at least 10 years; 25

(ii) an infrastructure programme management plan including at least a construction procurement strategy for infrastructure programmes and projects envisaged to commence within the period for the medium term expenditure framework;

(iii) project proposals and concept reports for all projects in the planning stage envisaged to commence construction within the medium term expenditure framework period; and 30

(iv) a document that outlines how the infrastructure delivery management system will be implemented in the province and that is approved by the Executive Council of the province before or after the commencement of this Act. 35

(b) If any substantive change is made to the document, referred to in paragraph (a)(iv) during the 2016/17 financial year, the amended document must be approved by the Executive Council of the province before submission to the National Treasury within 14 days after such approval.

(c) The National Treasury must notify the transferring officer and the affected provincial departments of the infrastructure programmes and projects it will propose for full or partial funding through the grant before 2 December 2016. 40

Transfers before commencement of Division of Revenue Act for 2017/18 financial year

28. (1) Despite sections 3(2), 7(2) and 8(2), if the Division of Revenue Act for the 2017/18 financial year has not commenced before or on 1 April 2017, the National Treasury may determine that an amount not exceeding 45 per cent of the total amount of each allocation made in terms of section 3(1), 7(1) or 8(1) be transferred to the relevant province or municipality as a direct charge against the National Revenue Fund. 45

(2) If an amount of an allocation, made in terms of section 7(1) or 8(1), is transferred in terms of subsection (1), the amount is, with the necessary changes, subject to the applicable framework for the 2016/17 financial year and the other requirements of this Act as if it is an amount of an allocation for the 2016/17 financial year. 50

CHAPTER 5

DUTIES AND POWERS OF MUNICIPALITIES, PROVINCIAL TREASURIES
AND NATIONAL TREASURY**Duties of municipalities**

29. (1) (a) In addition to the requirements of the Municipal Finance Management Act, the accounting officer of a category C municipality must, within 10 days after this Act takes effect, submit to the National Treasury and all category B municipalities within that municipality's area of jurisdiction, the budget, as tabled in accordance with section 16 of the Municipal Finance Management Act, for the 2016/17 financial year, the 2017/18 financial year and the 2018/19 financial year, except if submitted in terms of any other legislation before the end of the 10 day period. 5 10

(b) The budget must indicate all allocations from its equitable share and conditional allocations to be transferred to each category B municipality within the category C municipality's area of jurisdiction and disclose the criteria for allocating funds between the category B municipalities. 15

(2) A category C municipality that is providing a municipal service must, before implementing any capital project for water, electricity, roads or any other municipal service, consult the category B municipalities within whose area of jurisdiction the project will be implemented, and agree in writing which municipality is responsible for the operational costs and the collection of user fees. 20

(3) A category C municipality must ensure that it does not duplicate a function currently performed by a category B municipality and must transfer funds for the provision of services, including basic services, to the relevant category B municipality that is providing municipal services, despite the fact that—

(a) the category C municipality retains the function in terms of the Municipal Structures Act; and 25

(b) a service delivery agreement for the provision of services by the category B municipality on behalf of the category C municipality has not been concluded.

(4) A category B municipality which is not authorised to perform a function in terms of the Municipal Structures Act may not extend the scope or type of services that it currently provides, without— 30

(a) entering into a service delivery agreement with the category C municipality which is authorised to perform the function in terms of the Municipal Structures Act; or

(b) obtaining authorisation to perform the function in terms of the Municipal Structures Act. 35

(5) (a) A category C municipality and a category B municipality must, before the commencement of a financial year, agree to a payment schedule in respect of the allocations referred to in subsection (1)(b) to be transferred to the category B municipality in that financial year, and the category C municipality must submit that payment schedule to the National Treasury before the commencement of the financial year. 40

(b) A category C municipality must make transfers in accordance with the payment schedule submitted in terms of paragraph (a).

(6) (a) The National Treasury may withhold or stop any allocation to the category C municipality and reallocate the allocation to the relevant category B municipalities if a category C municipality fails to— 45

(i) make allocations referred to in subsection (1)(b);

(ii) reach an agreement envisaged in subsection (2); or

(iii) submit a payment schedule in accordance with subsection (5)(a). 50

(b) The following provisions apply to the withholding or stopping of an allocation in accordance with paragraph (a):

(i) Section 216 of the Constitution;

(ii) in the case of withholding an allocation, section 18(4)(a) of this Act, with the necessary changes; 55

(iii) in the case of stopping an allocation, section 19(2)(a), (3), (4) and (5) of this Act, with the necessary changes.

(c) If an allocation is stopped in terms of this subsection, the National Treasury may, after consultation with the transferring officer, determine that a portion of the allocation that will not be spent, be reallocated to one or more municipalities, on condition that the 60

allocation will be spent by the end of the 2016/17 financial year or the 2017/18 financial year.

(7) A municipality must ensure that any allocation made to it in terms of this Act, or by a province or another municipality, that is not reflected in its budget as tabled in accordance with section 16 of the Municipal Finance Management Act, is reflected in its budget to be considered for approval in accordance with section 24 of the Municipal Finance Management Act. 5

Duties and powers of provincial treasuries

30. (1) A provincial treasury must reflect allocations listed in Part A of Schedule 5 to the province separately in the appropriation Bill of the province. 10

(2) (a) A provincial treasury must, on the same day that its budget is tabled in the provincial legislature, or a date not later than 14 days after this Act takes effect, approved by the National Treasury, publish by notice in the *Gazette*—

- (i) the indicative allocation per municipality for every allocation to be made by the province to municipalities from the province's own funds; 15
- (ii) the indicative allocation to be made per school and per hospital in the province in a format determined by the National Treasury;
- (iii) the indicative allocation to any national or provincial public entity for the implementation of a programme funded by an allocation in Part A of Schedule 5 on behalf of a province or for assistance provided to the province in implementing such a programme; 20
- (iv) the envisaged division of the allocation envisaged in subparagraphs (i) and (ii), in respect of each municipality, school and hospital, for the 2017/18 financial year and the 2018/19 financial year; and
- (v) the conditions and other information in respect of the allocations referred to in subparagraphs (i), (ii) and (iii) to facilitate performance measurement and the use of required inputs and outputs. 25

(b) The allocations referred to in paragraph (a) must be regarded as final when the provincial appropriation Act takes effect.

(c) If the provincial legislature amends its appropriation Bill, the provincial treasury must publish amended allocations and budgets by notice in the *Gazette* within 14 days after the appropriation Act takes effect, and those allocations and budget must be regarded as final. 30

(3) (a) Despite subsection (2) or any other legislation, a provincial treasury may, in accordance with a framework determined by the National Treasury, amend the allocations referred to in subsection (2) or make additional allocations to municipalities that were not published in terms of subsection (2). 35

(b) Any amendments to the allocations published in terms of subsection (2)(a) or (c) must be published by notice in the *Gazette* not later than 10 February 2017 and takes effect on the date of the publication. 40

(4) A provincial treasury must, as part of its report in terms of section 40(4)(b) and (c) of the Public Finance Management Act, in the format determined by the National Treasury, report on—

- (a) actual transfers received by the province from national departments;
- (b) actual expenditure on such allocations, excluding Schedule 4 allocations, up to the end of that month; and 45
- (c) actual transfers made by the province to municipalities and public entities, and actual expenditure by municipalities and public entities on such allocations, based on the latest information available from municipalities and public entities at the time of reporting. 50

(5) (a) A provincial treasury must—

- (i) ensure that a payment schedule is agreed between each provincial department and receiving institution envisaged in subsection (2)(a);
- (ii) ensure that transfers are made promptly to the relevant receiving officer in terms of the agreed payment schedule; and 55
- (iii) submit the payment schedules to the National Treasury within 14 days after this Act takes effect.

(b) If a provincial department and receiving institution do not agree to a payment schedule in time for submission to the National Treasury, the provincial treasury must, after consultation with the transferring officer, determine the payment schedule. 60

(6) If a provincial treasury fails to make a transfer in terms of subsection (5)(a), the relevant receiving officer may request the provincial treasury to immediately make the transfer or to provide written reasons within three working days as to why the transfer has not been made.

(7) If a provincial treasury fails to make the transfer requested by the receiving officer or provide reasons in terms of subsection (6), or the receiving officer disputes the reasons provided by the provincial treasury as to why the transfer has not been made, the receiving officer may request the National Treasury to investigate the matter. 5

(8) On receipt of a request in terms of subsection (7), the National Treasury must—

- (a) consult the transferring officer on the matter; 10
- (b) investigate the matter, assess any reasons given by the provincial treasury as to why the transfer was not made;
- (c) direct the provincial treasury to immediately effect the transfer or provide reasons to the receiving officer confirming why the provincial treasury was correct in not making the transfer; and 15
- (d) advise the provincial treasury and the receiving officer as to what steps must be taken to ensure the transfer.

Duties and powers of National Treasury

31. (1) The National Treasury must, within 14 days after this Act takes effect, submit a notice to all transferring officers containing the details of the primary bank accounts of each province and municipality. 20

(2) The National Treasury must, together with the statement envisaged in section 32(2) of the Public Finance Management Act, publish a report on actual transfers of all allocations listed in Schedules 4, 5, 6 and 7 or made in terms of section 26.

(3) The National Treasury may include a report on the equitable share and conditional allocations in terms of this Act in any report it publishes— 25

- (a) that aggregates statements published by provincial treasuries envisaged in section 71(7) of the Municipal Finance Management Act; and
- (b) in respect of municipal finances.

CHAPTER 6

30

GENERAL

Liability for costs incurred in violation of principles of cooperative governance and intergovernmental relations

32. (1) An organ of state involved in an intergovernmental dispute regarding any provision of this Act or any division of revenue matter or allocation must, before approaching a court to resolve such dispute, make every effort to settle the dispute with the other organ of state concerned, including exhausting all mechanisms provided for the settlement of disputes in relevant legislation. 35

(2) If a dispute is referred back by a court in accordance with section 41(4) of the Constitution, due to the court not being satisfied that the organ of state approaching the court has complied with subsection (1), the expenditure incurred by that organ of state in approaching the court must be regarded as fruitless and wasteful. 40

(3) The amount of any such fruitless and wasteful expenditure must, in terms of the applicable procedures in the Public Finance Management Act or the Municipal Finance Management Act, be recovered without delay from every person who caused the organ of state not to comply with subsection (1). 45

Irregular expenditure

33. The following transfers must be regarded as irregular expenditure in terms of the Public Finance Management Act or the Municipal Finance Management Act, as the case may be: 50

- (a) A transfer prohibited in terms of section 17(2);
- (b) a transfer by a transferring officer to a bank account of a province or municipality that is not the primary bank account;
- (c) a transfer envisaged in section 25(1); or
- (d) a transfer made or expenditure of an allocation in contravention of this Act. 55

Financial misconduct

34. (1) Despite a provision of other legislation to the contrary, any wilful or negligent non-compliance with a provision of this Act constitutes financial misconduct.

(2) Section 84 of the Public Finance Management Act or section 171 of the Municipal Finance Management Act, as the case may be, applies in respect of financial misconduct envisaged in subsection (1). 5

Delegations and assignments

35. (1) The Minister may, in writing, delegate any of the powers entrusted to, and assign any of the duties imposed on, the National Treasury in terms of this Act, to an official of the National Treasury. 10

(2) A delegation or assignment in terms of subsection (1) to an official of the National Treasury—

- (a) is subject to any limitations or conditions that the Minister may impose;
- (b) may authorise that official to sub-delegate, in writing, the delegated power or assigned duty to any other official of the National Treasury; and 15
- (c) does not divest the National Treasury of the responsibility concerning the exercise of the delegated power or the performance of the assigned duty.

(3) The Minister may vary or revoke any decision taken by an official as a result of a delegation or assignment, subject to any rights that may have vested as a consequence of the decision. 20

(4) (a) A Member of the Executive Council responsible for finance in a province may, in writing, delegate any power entrusted to, and assign any duty imposed on, the provincial treasury in terms of this Act, to an official of the provincial treasury.

(b) Subsections (2) and (3) apply with the necessary changes to a delegation or assignment in terms of paragraph (a). 25

Exemptions

36. (1) The Minister may, if good grounds exist, approve a departure from a provision of a framework, a regulation made under section 37 or a condition imposed in terms of this Act.

(2) For purposes of subsection (1), good grounds include the fact that the provision of the framework, regulation or condition— 30

- (a) cannot be implemented in practice;
- (b) impedes the achievement of any object of this Act;
- (c) impedes an immediate response to a disaster; or
- (d) undermines the financial viability of the affected national or provincial department or municipality. 35

(3) Any departure approved in terms of subsection (1) must set out the period and conditions of the departure, if any, and must be published by notice in the *Gazette*.

Regulations

37. The Minister may, by notice in the *Gazette*, make regulations regarding— 40

- (a) anything which must or may be prescribed in terms of this Act; or
- (b) any ancillary or incidental administrative or procedural matter that it is necessary to prescribe for the proper implementation or administration of this Act.

Transitional measures for municipal election in 2016

45

38. (1) In this section—

- (a) **“post-election municipality”** means a municipality existing with effect from the election date and is affected by a boundary determination in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998), with effect from the election date; 50
- (b) **“pre-election municipality”** means a municipality which is in existence before the election date and is affected by a boundary determination in terms of the Local Government: Municipal Demarcation Act, 1998, with effect from the election date;

- (c) “**the election announcement date**” means the date of the notice in the *Gazette* which sets the date for an election of all municipal councils in 2016 in terms of section 24(2) of the Municipal Structures Act; and
- (d) “**the election date**” means the date set in the notice in the *Gazette* for an election of all municipal councils in 2016 in terms of section 24(2) of the Municipal Structures Act. 5
- (2) (a) Despite section 5(1), read with Schedule 3, if the election date is after 1 July 2016, the National Treasury must, within 14 days after this Act takes effect or the election announcement date, whichever is later, determine by notice in the *Gazette*, the first transfer of the equitable share for each pre-election municipality. 10
- (b) The notice takes effect on the date of its publication in the *Gazette*.
- (c) If a transfer is determined for a pre-election municipality in terms of paragraph (a), the transfers to all post-election municipalities sharing any part of the municipal area of that pre-election municipality must be adjusted proportionally.
- (3) If the election date is after 1 July 2016, the National Treasury may, after consultation with the national department responsible for local government and by notice in the *Gazette*— 15
- (a) amend the date of 4 July 2016, referred to in section 5(3);
- (b) on or after the election date, in addition to the three transfers referred to in section 5(3), approve a fourth transfer on a date before 30 November 2016 for any post-election municipality. 20
- (4) (a) If the election date is after 1 July 2016, the National Treasury may, by notice in the *Gazette*, determine for a pre-election municipality—
- (i) a conditional allocation referred to in Part B of Schedule 4; or
- (ii) a conditional allocation referred to in Part B of Schedule 5 published in terms of section 16(1)(a). 25
- (b) If a conditional allocation is determined for a pre-election municipality in terms of paragraph (a), the conditional allocation to all post-election municipalities sharing any part of the municipal area of that pre-election municipality must be adjusted proportionally. 30
- (c) Before making any amendments in terms of paragraph (a), the National Treasury must consult the relevant transferring officer.
- (d) An amendment in terms of paragraph (a) takes effect on the date of publication of the notice in the *Gazette*.
- (5) (a) The transferring officer of a Schedule 4 or 5 allocation may, after consultation with the national department responsible for local government, request a coordinating structure established by the provincial department responsible for local government for a post-election municipality to prepare a draft business plan for the allocation, in accordance with the framework for that allocation. 35
- (b) All transfers for the 2016/17 financial year must be based on the draft business plan until the receiving officer approves a business plan in terms of paragraph (c). 40
- (c) The receiving officer of a Schedule 4 or 5 allocation must within two months after the election of all municipal councils submit to the transferring officer the business plan, as approved by the receiving officer.
- (d) All subsequent transfers must be based on the business plan approved by the relevant receiving officer. 45
- (6) (a) A category C municipality (herein called “the releasing municipality”) from which a particular area or a category B municipality is transferred from the election date to another category C municipality (herein called “the receiving municipality”), must continue to spend its allocations, in that particular area or category B municipality, as if that area or category B municipality was not transferred to the receiving municipality, unless the municipalities have entered into an agreement that ensures that the relocated area or category B municipality is not negatively affected. 50
- (b) The transferring officer of an allocation and the receiving municipality must monitor that the releasing municipality complies with paragraph (a). 55
- (c) The releasing municipality must, at the request of the transferring officer, the receiving municipality or the National Treasury, demonstrate compliance with paragraph (a).
- (7) (a) Sections 18 and 19 apply, with the necessary changes, if a releasing municipality fails to comply with subsection (6)(a) or (c) in respect of a conditional allocation. 60

(b) If an allocation is stopped in terms of paragraph (a), the National Treasury may, after consultation with the transferring officer, determine that a portion of the allocation be reallocated to the receiving municipality.

(8) If a releasing municipality fails to comply with subsection (6)(a) or (c), the National Treasury may reallocate a portion of the releasing municipality's equitable share allocation referred to in section 5(1) to the receiving municipality. 5

(9) If the election date is after 1 July 2016, transitional measures in addition to the measures in this section may be prescribed.

Repeal of laws and savings

39. (1) Subject to subsection (2)— 10

(a) the Division of Revenue Act, 2015 (Act No. 1 of 2015), except sections 16 and 26, is hereby repealed; and

(b) sections 16 and 26 of the Division of Revenue Act, 2015, is hereby repealed with effect from 1 July 2016 or the date that this Act takes effect, whichever is the later date. 15

(2) Any repeal referred to in subsection (1), does not affect—

(a) any duty to be performed in terms of any provision of an Act referred to in subsection (1) after the end of the 2016/17 financial year; and

(b) any obligation in terms of any provision of an Act referred to in subsection (1), the execution of which is outstanding. 20

(3) Any framework published in terms of section 16 of the Division of Revenue Act, 2015, as amended in terms of section 16 or 26 of that Act, applies to funds of a conditional allocation approved for roll-over in terms of section 22(2) of that Act, if that conditional allocation does not continue to exist in terms of this Act.

Short title and commencement 25

40. This Act is called the Division of Revenue Act, 2016, and takes effect on 1 April 2016 or the date of publication in the *Gazette*, whichever is the later date.

SCHEDULE 1

EQUITABLE DIVISION OF REVENUE RAISED NATIONALLY AMONG THE THREE SPHERES OF GOVERNMENT

Spheres of Government	Column A	Column B	
	2016/17	Forward Estimates	
		2017/18	2018/19
	R'000	R'000	R'000
National ^{1,2}	855 070 793	922 857 273	1 003 451 247
Provincial ³	410 698 585	441 831 122	474 851 942
Local	52 568 706	57 012 141	61 731 845
TOTAL	1 318 338 084	1 421 700 536	1 540 035 034

1. National share includes conditional allocations to provincial and local spheres, general fuel levy sharing with metropolitan municipalities, debt-service costs and the contingency reserve
2. The direct charges for the provincial equitable share are netted out
3. Provincial share includes an unallocated amount of R5.8 billion in 2018/19 that is not included in the forward estimates of provincial allocations in Schedule 2

SCHEDULE 2

DETERMINATION OF EACH PROVINCE'S EQUITABLE SHARE OF THE PROVINCIAL SPHERE'S SHARE OF REVENUE RAISED NATIONALLY (as a direct charge against the National Revenue Fund)

Province	Column A	Column B	
	2016/17	Forward Estimates	
		2017/18	2018/19
	R'000	R'000	R'000
Eastern Cape	58 060 456	61 969 363	65 844 586
Free State	22 994 762	24 590 994	26 134 741
Gauteng	79 599 868	86 412 496	92 199 524
KwaZulu-Natal	87 897 580	94 051 218	99 449 582
Limpopo	48 708 568	52 086 555	55 176 261
Mpumalanga	33 449 947	36 207 867	38 505 835
Northern Cape	10 862 660	11 733 117	12 421 596
North West	28 062 307	30 361 426	32 311 062
Western Cape	41 062 437	44 418 086	47 007 952
TOTAL	410 698 585	441 831 122	469 051 139

SCHEDULE 3

**DETERMINATION OF EACH MUNICIPALITY'S EQUITABLE SHARE OF THE LOCAL
GOVERNMENT SPHERE'S SHARE OF REVENUE RAISED NATIONALLY**

			National Financial Year	
			Column A	Column B
Number	Municipality	2016/17	Forward Estimates	
			2017/18	2018/19
		R'000	R'000	R'000
EASTERN CAPE				
A	BUF Buffalo City	678 197	703 602	760 226
A	NMA Nelson Mandela Bay	798 043	843 509	921 857
B	EC101 EC101	84 241	78 096	83 220
B	EC102 Blue Crane Route	44 713	45 793	48 298
B	EC104 Makana	77 008	80 465	86 244
B	EC105 Ndlambe	76 824	83 298	89 683
B	EC106 Sundays River Valley	59 318	65 608	71 249
B	EC108 Kouga	91 622	103 959	114 565
B	EC109 Kou-Kamma	39 760	42 981	46 102
C	DC10 Sarah Baartman District Municipality	82 014	84 890	87 985
Total: Sarah Baartman Municipalities		555 500	585 090	627 346
B	EC121 Mbhashe	210 060	223 148	233 352
B	EC122 Mnquma	221 906	232 277	242 148
B	EC123 Great Kei	39 457	34 267	35 616
B	EC124 Amahlathi	113 780	98 507	102 403
B	EC126 Ngqushwa	76 828	75 545	78 487
B	EC129 EC129	147 445	151 530	158 177
C	DC12 Amathole District Municipality	730 990	780 614	845 394
Total: Amatole Municipalities		1 540 466	1 595 888	1 695 577
B	EC131 Inxuba Yethemba	39 424	38 565	40 889
B	EC135 Intsika Yethu	145 314	153 925	161 037
B	EC136 Emalahleni	114 599	121 843	127 950
B	EC137 Engcobo	130 882	139 012	145 476
B	EC138 Sakhisizwe	57 906	60 843	63 522
B	EC139 EC139	167 232	165 668	175 285
C	DC13 Chris Hani District Municipality	485 308	529 946	573 337
Total: Chris Hani Municipalities		1 140 665	1 209 802	1 287 496
B	EC141 Elundini	129 070	137 811	144 722
B	EC142 Senqu	129 802	136 745	143 348
B	EC145 EC145	51 948	49 452	52 683
C	DC14 Joe Gqabi District Municipality	223 621	244 055	264 128
Total: Joe Gqabi Municipalities		534 441	568 063	604 881
B	EC153 Ngquza Hill	195 945	208 426	218 193
B	EC154 Port St Johns	117 662	124 989	130 753
B	EC155 Nyandeni	213 070	226 424	237 439
B	EC156 Mhlontlo	154 313	161 607	167 789
B	EC157 King Sabata Dalindyebo	249 468	265 719	280 838
C	DC15 O.R. Tambo District Municipality	669 303	733 445	792 645
Total: O.R. Tambo Municipalities		1 599 761	1 720 610	1 827 657
B	EC441 Matatiele	170 266	179 725	187 547
B	EC442 Umzimvubu	162 992	170 765	177 467
B	EC443 Mbizana	175 910	185 021	192 873
B	EC152 Ntabankulu	93 327	97 382	101 010
C	DC44 Alfred Nzo District Municipality	387 047	417 686	448 072
Total: Alfred Nzo Municipalities		989 542	1 050 579	1 106 969
Total: Eastern Cape Municipalities			7 836 615	8 832 009

SCHEDULE 3

**DETERMINATION OF EACH MUNICIPALITY'S EQUITABLE SHARE OF THE LOCAL
GOVERNMENT SPHERE'S SHARE OF REVENUE RAISED NATIONALLY**

Number Municipality			National Financial Year	
			Column A	Column B
			2016/17	Forward Estimates
				2017/18 2018/19
			R'000	R'000 R'000
FREE STATE				
A	MAN	Mangaung	629 731	644 493 709 316
B	FS161	Letsemeng	47 402	45 691 48 269
B	FS162	Kopanong	70 650	63 453 66 846
B	FS163	Mohokare	54 472	55 601 59 560
C	DC16	Xhariep District Municipality	29 739	30 821 32 032
Total: Xhariep Municipalities			202 263	195 566 206 707
B	FS181	Masilonyana	83 362	82 724 87 491
B	FS182	Tokologo	43 424	43 086 45 581
B	FS183	Tswelopele	59 589	57 728 60 911
B	FS184	Matjhabeng	385 851	373 021 400 033
B	FS185	Nala	108 273	97 238 102 251
C	DC18	Lejweleputswa District Municipality	111 727	114 789 118 760
Total: Lejweleputswa Municipalities			792 226	768 586 815 027
B	FS191	Setsoto	158 775	155 327 165 239
B	FS192	Dihlabeng	124 304	126 276 136 743
B	FS193	Nketoana	79 054	79 656 85 568
B	FS194	Maluti-a-Phofung	458 097	492 281 526 299
B	FS195	Phumelela	59 830	60 669 64 597
B	FS196	Mantsopa	67 748	67 920 72 602
C	DC19	Thabo Mofutsanyana District Municipality	97 724	101 663 105 705
Total: Thabo Mofutsanyana Municipalities			1 045 532	1 083 792 1 156 753
B	FS201	Moqhaka	158 519	160 019 171 963
B	FS203	Ngwathe	157 639	161 424 173 705
B	FS204	Metsimaholo	125 978	140 738 155 882
B	FS205	Mafube	77 214	77 900 83 448
C	DC20	Fezile Dabi District Municipality	142 178	144 270 148 875
Total: Fezile Dabi Municipalities			661 528	684 351 733 873
Total: Free State Municipalities			3 331 280	3 376 788 3 621 676

SCHEDULE 3

**DETERMINATION OF EACH MUNICIPALITY'S EQUITABLE SHARE OF THE LOCAL
GOVERNMENT SPHERE'S SHARE OF REVENUE RAISED NATIONALLY**

			National Financial Year	
			Column A	Column B
Number	Municipality	2016/17	Forward Estimates	
			2017/18	2018/19
		R'000	R'000	R'000
GAUTENG				
A	EKU Ekurhuleni	2 381 367	2 662 137	2 950 523
A	JHB City of Johannesburg	3 182 318	3 607 991	4 017 148
A	TSH City of Tshwane	1 864 838	2 148 143	2 404 418
B	GT421 Emfuleni	608 581	628 257	684 683
B	GT422 Midvaal	76 401	86 719	96 825
B	GT423 Lesedi	92 186	104 537	116 468
C	DC42 Sedibeng District Municipality	250 882	256 414	264 770
Total: Sedibeng Municipalities		1 028 050	1 075 927	1 162 746
B	GT481 Mogale City	285 456	320 490	355 627
B	GT484 Merafong City	162 952	159 408	173 714
B	GT485 GT485	216 728	233 219	255 651
C	DC48 West Rand District Municipality	188 872	194 034	200 923
Total: West Rand Municipalities		854 008	907 151	985 915
Total: Gauteng Municipalities		9 310 581	10 401 349	11 520 750

SCHEDULE 3

**DETERMINATION OF EACH MUNICIPALITY'S EQUITABLE SHARE OF THE LOCAL
GOVERNMENT SPHERE'S SHARE OF REVENUE RAISED NATIONALLY**

			National Financial Year		
			Column A		Column B
			2016/17	Forward Estimates	
	2017/18	2018/19			
Number	Municipality		R'000	R'000	R'000
KWAZULU-NATAL					
A	ETH	eThekweni	2 319 380	2 576 367	2 829 662
B	KZN212	KZN212	121 144	116 787	124 276
B	KZN213	Umzumbe	119 488	123 267	127 910
B	KZN214	uMuziwabantu	76 377	81 848	86 301
B	KZN216	KZN216	165 774	180 940	195 507
C	DC21	Ugu District Municipality	384 729	426 030	466 113
Total: Ugu Municipalities			867 512	928 872	1 000 107
B	KZN221	uMshwathi	83 479	89 253	94 699
B	KZN222	uMngeni	49 326	54 910	60 244
B	KZN223	Mpofana	27 693	28 818	30 313
B	KZN224	Impendle	31 349	32 128	33 615
B	KZN225	Msunduzi	432 307	480 046	527 315
B	KZN226	Mkhambathini	50 183	51 099	54 184
B	KZN227	Richmond	55 625	60 619	64 690
C	DC22	Umgungundlovu District Municipality	428 362	468 036	512 298
Total: Umgungundlovu Municipalities			1 158 324	1 264 909	1 377 358
B	KZN235	Okhahlamba	96 932	102 293	107 030
B	KZN237	KZN237	134 763	142 700	150 620
B	KZN238	KZN238	183 739	189 339	200 109
C	DC23	Uthukela District Municipality	332 370	361 841	392 513
Total:Uthukela Municipalities			747 804	796 173	850 272
B	KZN241	Endumeni	36 413	36 906	39 936
B	KZN242	Nquthu	110 256	116 695	122 462
B	KZN244	Msinga	131 035	138 537	146 554
B	KZN245	Umvoti	94 786	105 514	113 165
C	DC24	Umzinyathi District Municipality	263 532	292 854	320 683
Total: Umzinyathi Municipalities			636 022	690 506	742 800
B	KZN252	Newcastle	306 952	324 247	350 776
B	KZN253	Emadlangeni	23 572	25 281	26 447
B	KZN254	Dannhauser	75 694	80 181	83 977
C	DC25	Amajuba District Municipality	129 160	139 337	150 938
Total: Amajuba Municipalities			535 378	569 046	612 138

SCHEDULE 3

**DETERMINATION OF EACH MUNICIPALITY'S EQUITABLE SHARE OF THE LOCAL
GOVERNMENT SPHERE'S SHARE OF REVENUE RAISED NATIONALLY**

			National Financial Year		
			Column A	Column B	
				Forward Estimates	
Number	Municipality	2016/17	2017/18	2018/19	
		R'000	R'000	R'000	
B	KZN261 eDumbe	57 900	61 387	64 417	
B	KZN262 uPhongolo	97 800	104 530	110 401	
B	KZN263 Abaqulusi	107 884	115 710	123 222	
B	KZN265 Nongoma	121 046	128 549	134 781	
B	KZN266 Ulundi	124 460	131 159	136 958	
C	DC26 Zululand District Municipality	347 834	380 691	413 855	
Total: Zululand Municipalities		856 924	922 026	983 634	
B	KZN271 Umhlabuyalingana	122 458	133 785	142 392	
B	KZN272 Jozini	134 845	144 859	152 832	
B	KZN275 Mtubatuba	120 328	132 738	141 977	
B	KZN276 KZN276	79 379	83 025	87 821	
C	DC27 Umkhanyakude District Municipality	292 146	327 467	359 612	
Total: Umkhanyakude Municipalities		749 156	821 874	884 634	
B	KZN281 Mfolozi	98 724	107 868	114 489	
B	KZN282 KZN282	263 487	291 465	319 112	
B	KZN284 uMlalazi	148 417	159 664	168 611	
B	KZN285 KZN285	63 687	67 763	70 547	
B	KZN286 Nkandla	79 169	82 877	86 010	
C	DC28 uThungulu District Municipality	433 405	464 457	506 461	
Total: Uthungulu Municipalities		1 086 889	1 174 094	1 265 230	
B	KZN291 Mandeni	122 874	134 039	143 306	
B	KZN292 KwaDukuza	116 642	132 042	146 463	
B	KZN293 Ndwedwe	108 709	116 578	122 741	
B	KZN294 Maphumulo	71 404	74 451	77 236	
C	DC29 iLembe District Municipality	373 996	420 163	463 652	
Total: iLembe Municipalities		793 625	877 273	953 398	
B	KZN433 Greater Kokstad	45 887	44 006	46 219	
B	KZN434 Ubuhlebezwe	90 491	97 558	102 551	
B	KZN435 Umzimkhulu	152 393	163 981	173 501	
B	KZN436 KZN436	94 288	99 474	104 242	
C	DC43 Harry Gwala District Municipality	260 069	284 205	308 451	
Total: Harry Gwala Municipalities		643 128	689 224	734 964	
Total: KwaZulu-Natal Municipalities		10 394 142	11 310 364	12 234 197	

SCHEDULE 3

**DETERMINATION OF EACH MUNICIPALITY'S EQUITABLE SHARE OF THE LOCAL
GOVERNMENT SPHERE'S SHARE OF REVENUE RAISED NATIONALLY**

			National Financial Year		
			Column A	Column B	
				Forward Estimates	
Number	Municipality		2016/17	2017/18	2018/19
			R'000	R'000	R'000
LIMPOPO					
B	LIM331	Greater Giyani	219 308	234 487	247 581
B	LIM332	Greater Letaba	206 299	219 352	231 224
B	LIM333	Greater Tzaneen	291 141	312 958	333 719
B	LIM334	Ba-Phalaborwa	110 235	119 502	127 315
B	LIM335	Maruleng	91 329	97 904	103 437
C	DC33	Mopani District Municipality	686 633	760 874	832 073
Total: Mopani Municipalities			1 604 945	1 745 077	1 875 349
B	LIM341	LIM341	87 434	99 288	107 938
B	LIM343	LIM343	337 132	362 797	385 202
B	LIM344	Makhado	275 985	296 533	315 879
B	LIM345	LIM345	247 247	306 392	324 347
C	DC34	Vhembe District Municipality	743 976	830 185	910 167
Total: Vhembe Municipalities			1 691 774	1 895 195	2 043 533
B	LIM351	LIM351	155 178	164 476	172 603
B	LIM353	LIM353	118 756	124 652	130 555
B	LIM354	LIM354	675 714	757 286	830 052
B	LIM355	Lepelle-Nkumpi	202 533	215 623	226 945
C	DC35	Capricorn District Municipality	522 710	536 271	582 579
Total: Capricorn Municipalities			1 674 891	1 798 308	1 942 734
B	LIM361	Thabazimbi	61 051	62 830	68 436
B	LIM362	Lephalale	94 514	104 374	115 258
B	LIM366	Bela-Bela	68 411	76 060	83 392
B	LIM367	Mogalakwena	348 115	374 756	400 616
B	LIM368	LIM368	92 547	94 268	101 220
C	DC36	Waterberg District Municipality	113 277	117 310	121 822
Total: Waterberg Municipalities			777 915	829 598	890 744
B	LIM471	Ephraim Mogale	117 556	127 003	135 210
B	LIM472	Elias Motsoaledi	210 385	226 153	240 397
B	LIM473	Makhuduthamaga	225 123	240 496	254 456
B	LIM476	LIM476	307 760	335 688	360 690
C	DC47	Sekhukhune District Municipality	600 889	675 180	743 764
Total: Sekhukhune Municipalities			1 461 713	1 604 520	1 734 517
Total: Limpopo Municipalities			7 211 238	7 872 698	8 486 877

SCHEDULE 3

**DETERMINATION OF EACH MUNICIPALITY'S EQUITABLE SHARE OF THE LOCAL
GOVERNMENT SPHERE'S SHARE OF REVENUE RAISED NATIONALLY**

		National Financial Year		
		Column A	Column B	
Number	Municipality	2016/17	Forward Estimates	
			2017/18	2018/19
		R'000	R'000	R'000
MPUMALANGA				
B	MP301 Albert Luthuli	233 446	252 915	269 960
B	MP302 Msukaligwa	121 443	132 341	145 011
B	MP303 Mkhondo	166 350	183 804	198 712
B	MP304 Pixley Ka Seme	91 996	94 143	99 914
B	MP305 Lekwa	86 239	91 625	99 329
B	MP306 Dipaleseng	54 345	58 169	62 746
B	MP307 Govan Mbeki	199 430	210 061	231 674
C	DC30 Gert Sibande District Municipality	275 755	280 414	289 248
Total: Gert Sibande Municipalities		1 229 004	1 303 472	1 396 594
B	MP311 Victor Khanye	72 949	81 159	89 261
B	MP312 Emalahleni	255 989	291 115	326 355
B	MP313 Steve Tshwete	136 037	157 665	178 776
B	MP314 Emakhazeni	51 837	57 026	62 041
B	MP315 Thembisile Hani	313 317	343 875	370 908
B	MP316 Dr JS Moroka	314 608	335 539	356 458
C	DC31 Nkangala District Municipality	333 667	341 509	352 641
Total: Nkangala Municipalities		1 478 404	1 607 888	1 736 440
B	MP321 Thaba Chweu	115 054	129 268	142 895
B	MP324 Nkomazi	447 689	494 138	534 377
B	MP325 Bushbuckridge	647 298	701 918	752 721
B	MP326 MP326	556 020	621 740	683 247
C	DC32 Ehlanzeni District Municipality	221 660	230 632	239 970
Total: Ehlanzeni Municipalities		1 987 721	2 177 696	2 353 210
Total: Mpumalanga Municipalities		4 695 129	5 089 056	5 486 244

SCHEDULE 3

**DETERMINATION OF EACH MUNICIPALITY'S EQUITABLE SHARE OF THE LOCAL
GOVERNMENT SPHERE'S SHARE OF REVENUE RAISED NATIONALLY**

			National Financial Year	
			Column A	Column B
Number	Municipality	2016/17	Forward Estimates	
			2017/18	2018/19
		R'000	R'000	R'000
NORTHERN CAPE				
B	NC061 Richtersveld	13 498	14 121	15 228
B	NC062 Nama Khoi	38 318	40 620	43 792
B	NC064 Kamiesberg	18 175	19 424	20 555
B	NC065 Hantam	20 774	21 123	22 656
B	NC066 Karoo Hoogland	16 678	17 976	19 342
B	NC067 Khâi-Ma	15 552	16 753	18 053
C	DC6 Namakwa District Municipality	35 436	36 038	37 303
Total: Namakwa Municipalities		158 431	166 055	176 929
B	NC071 Ubuntu	25 817	27 867	29 807
B	NC072 Umsobomvu	36 658	39 317	42 376
B	NC073 Emthanjeni	36 197	36 886	39 607
B	NC074 Kareeberg	18 919	20 539	22 002
B	NC075 Renosterberg	18 733	19 936	21 212
B	NC076 Thembelihle	19 367	20 676	21 982
B	NC077 Siyathemba	25 732	27 709	29 818
B	NC078 Siyancuma	39 977	40 622	42 724
C	DC7 Pixley Ka Seme District Municipality	35 824	37 353	38 849
Total: Pixley Ka Seme Municipalities		257 224	270 905	288 377
B	NC082 !Kai !Garib	54 787	57 965	62 559
B	NC084 !Kheis	20 223	21 359	22 524
B	NC085 Tsantsabane	30 151	32 515	35 639
B	NC086 Kgatelopele	17 858	19 385	21 210
B	NC087 NC087	69 707	70 917	77 173
	DC8 Z.F. Mgcawu District Municipality	51 034	52 765	54 726
Total: Z.F. Mgcawu Municipalities		243 760	254 906	273 831
B	NC091 Sol Plaatje	144 171	146 972	159 833
B	NC092 Dikgatlong	60 379	64 768	69 100
B	NC093 Magareng	35 300	36 883	38 948
B	NC094 Phokwane	79 307	83 288	88 002
C	DC9 Frances Baard District Municipality	105 416	112 225	115 790
Total: Frances Baard Municipalities		424 573	444 136	471 673
B	NC451 Joe Morolong	115 068	123 042	129 952
B	NC452 Ga-Segonyana	117 413	130 941	143 078
B	NC453 Gamagara	25 352	28 577	32 601
C	DC45 John Taolo Gaetsewe District Municipality	66 326	69 303	74 709
Total: John Taolo Gaetsewe Municipalities		324 159	351 863	380 340
Total: Northern Cape Municipalities		1 408 147	1 487 865	1 591 150

SCHEDULE 3

**DETERMINATION OF EACH MUNICIPALITY'S EQUITABLE SHARE OF THE LOCAL
GOVERNMENT SPHERE'S SHARE OF REVENUE RAISED NATIONALLY**

Number Municipality		National Financial Year	
		Column A	Column B
		Forward Estimates	
		2016/17	2017/18 2018/19
		R'000	R'000 R'000
NORTH WEST			
B	NW371 Moretele	263 905	284 189 300 583
B	NW372 Madibeng	506 149	576 167 638 352
B	NW373 Rustenburg	451 980	521 872 585 878
B	NW374 Kgetlengrivier	62 494	68 606 74 308
B	NW375 Moses Kotane	333 265	356 936 378 817
C	DC37 Bojanala Platinum District Municipality	302 943	314 955 327 482
Total: Bojanala Platinum Municipalities		1 920 736	2 122 725 2 305 420
B	NW381 Ratlou	96 861	101 654 106 254
B	NW382 Tswaing	85 712	90 202 94 890
B	NW383 Mafikeng	178 390	191 051 202 578
B	NW384 Ditsobotla	89 941	94 228 99 879
B	NW385 Ramotshere Moiloa	126 139	134 073 141 077
C	DC38 Ngaka Modiri Molema District Municipality	551 315	602 830 655 044
Total: Ngaka Modiri Molema Municipalities		1 128 358	1 214 038 1 299 722
B	NW392 Naledi	41 201	43 350 46 003
B	NW393 Mamusa	45 162	48 260 51 186
B	NW394 Greater Taung	164 554	174 128 181 984
B	NW396 Lekwa-Teemane	39 260	42 003 44 677
B	NW397 Kagisano-Molopo	99 646	104 763 109 346
C	DC39 Dr Ruth Segomotsi Mompati District Municipality	282 287	311 460 336 816
Total: Dr Ruth Segomotsi Mompati Municipalities		672 110	723 964 770 012
B	NW403 City of Matlosana	342 855	352 222 381 749
B	NW404 Maquassi Hills	94 022	98 632 104 790
B	NW405 NW405	187 990	210 644 232 712
C	DC40 Dr Kenneth Kaunda District Municipality	169 319	173 593 179 390
Total: Dr Kenneth Kaunda Municipalities		794 186	835 091 898 641
Total: North West Municipalities		4 515 390	4 895 818 5 273 795

SCHEDULE 3

DETERMINATION OF EACH MUNICIPALITY'S EQUITABLE SHARE OF THE LOCAL GOVERNMENT SPHERE'S SHARE OF REVENUE RAISED NATIONALLY

Number Municipality			National Financial Year	
			Column A	Column B
			2016/17	Forward Estimates
				2017/18 2018/19
			R'000	R'000 R'000
WESTERN CAPE				
A	CPT	City of Cape Town	2 012 945	2 283 323 2 512 279
B	WC011	Matzikama	44 100	47 521 51 433
B	WC012	Cederberg	37 173	40 782 44 122
B	WC013	Bergervier	33 341	37 095 40 634
B	WC014	Saldanha Bay	62 832	71 386 78 880
B	WC015	Swartland	59 275	69 364 77 708
C	DC1	West Coast District Municipality	82 194	84 904 87 900
Total: West Coast Municipalities			318 915	351 052 380 677
B	WC022	Witzenberg	59 734	66 184 72 400
B	WC023	Drakenstein	106 240	118 687 130 011
B	WC024	Stellenbosch	95 982	110 707 122 558
B	WC025	Breede Valley	88 524	97 573 106 043
B	WC026	Langeberg	60 461	64 381 69 413
C	DC2	Cape Winelands District Municipality	220 870	224 336 231 221
Total: Cape Winelands Municipalities			631 811	681 868 731 646
B	WC031	Theewaterskloof	69 861	76 742 83 058
B	WC032	Overstrand	72 950	83 030 91 433
B	WC033	Cape Agulhas	23 075	25 256 27 334
B	WC034	Swellendam	24 012	26 156 28 424
C	DC3	Overberg District Municipality	52 163	54 179 56 194
Total: Overberg Municipalities			242 061	265 363 286 443
B	WC041	Kannaland	22 940	23 893 25 178
B	WC042	Hessequa	34 558	37 736 40 850
B	WC043	Mossel Bay	70 874	79 267 86 544
B	WC044	George	109 872	122 075 134 007
B	WC045	Oudtshoorn	58 194	63 037 67 635
B	WC047	Bitou	64 235	74 567 83 036
B	WC048	Knysna	62 982	71 037 77 629
C	DC4	Eden District Municipality	142 094	146 043 150 876
Total: Eden Municipalities			565 749	617 655 665 755
B	WC051	Laingsburg	12 526	13 360 14 178
B	WC052	Prince Albert	16 192	17 634 18 923
B	WC053	Beaufort West	46 569	50 393 53 988
C	DC5	Central Karoo District Municipality	19 416	20 412 21 258
Total: Central Karoo Municipalities			94 703	101 799 108 347
Total: Western Cape Municipalities			3 866 184	4 301 060 4 685 147
National Total			52 568 706	57 012 141 61 731 845

SCHEDULE 4, PART A

ALLOCATIONS TO PROVINCES TO SUPPLEMENT THE FUNDING OF PROGRAMMES OR FUNCTIONS FUNDED FROM PROVINCIAL BUDGETS

Vote	Name of allocation	Purpose	Type of allocation	Province	Column A	Column B	
					2016/17	Forward Estimates	
						2017/18	2018/19
Basic Education (Vote 14)	Education Infrastructure Grant	To help accelerate construction, maintenance, upgrading and rehabilitation of new and existing infrastructure in education including district and circuit accommodation; to enhance capacity to deliver infrastructure in education; to address damage to infrastructure caused by natural disasters; to address achievement of the targets set out in the minimum norms and standards for school infrastructure.	General conditional allocation to provinces	Eastern Cape	R'000 1 505 088	R'000 1 432 581	R'000 1 514 084
				Free State	695 122	661 635	699 276
				Gauteng	1 385 737	1 318 980	1 394 020
				KwaZulu-Natal	1 958 321	1 843 980	1 948 887
				Limpopo	830 532	810 523	856 634
				Mpumalanga	788 153	750 184	792 863
				Northern Cape	486 538	463 100	489 446
				North West	971 989	925 164	977 799
				Western Cape	992 212	944 413	998 143
				Unallocated	-	3 629 875	3 840 408
				TOTAL	9 613 692	12 780 435	13 511 560
Health (Vote 16)	(a) Health Professions Training and Development Grant	Support provinces to fund service costs associated with clinical teaching and training of health science trainees on the public service platform.	Nationally assigned function to provinces	Eastern Cape	213 212	226 566	239 707
				Free State	156 189	165 971	175 597
				Gauteng	865 244	919 438	972 765
				KwaZulu-Natal	312 377	331 943	351 196
				Limpopo	123 960	131 724	139 364
				Mpumalanga	101 646	108 013	114 278
				Northern Cape	81 815	86 939	91 981
				North West	111 565	118 552	125 428
				Western Cape	510 716	542 703	574 180
				TOTAL	2 476 724	2 631 849	2 784 496
	(b) National Tertiary Services Grant	Ensure provision of tertiary health services for all South African citizens (including documented foreign nationals); to compensate tertiary facilities for the additional costs associated with provision of these services.	Nationally assigned function to provinces	Eastern Cape	838 458	890 973	942 650
				Free State	958 021	1 018 025	1 077 070
				Gauteng	3 727 048	3 960 484	4 190 192
				KwaZulu-Natal	1 596 286	1 696 266	1 794 649
				Limpopo	344 723	366 314	387 560
				Mpumalanga	103 597	110 086	116 471
				Northern Cape	318 661	338 620	358 260
				North West	253 096	268 948	284 547
				Western Cape	2 706 888	2 876 429	3 043 262
				TOTAL	10 846 778	11 526 145	12 194 661

SCHEDULE 4, PART A

ALLOCATIONS TO PROVINCES TO SUPPLEMENT THE FUNDING OF PROGRAMMES OR FUNCTIONS FUNDED FROM PROVINCIAL BUDGETS

Vote	Name of allocation	Purpose	Type of allocation	Province	Column A	Column B	
					2016/17	Forward Estimates	
						2017/18	2018/19
Transport (Vote 35)	(a) Provincial Roads Maintenance Grant	To supplement provincial investments for routine, periodic and special maintenance; to ensure all roads are classified as per Road Infrastructure Strategic Framework For South Africa and the Technical Recommendations for Highways Road Classification and Access Management guidelines; to implement and maintain Road Asset Management Systems as per Technical Methods for Highways; to supplement provincial projects for the repair of roads and bridges damaged by declared natural disasters; to improve the state of the road network serving electricity generation infrastructure; to improve road safety with a special focus on pedestrian safety in rural areas.	General conditional allocation to provinces	Eastern Cape	R'000 1 279 725	R'000 1 355 208	R'000 1 433 805
				Free State	1 258 030	1 332 239	1 409 519
				Gauteng	501 784	531 383	562 207
				KwaZulu-Natal	1 925 378	2 038 952	2 157 227
				Limpopo	995 109	1 053 832	1 114 955
				Mpumalanga	1 638 865	887 286	938 702
				Northern Cape	905 359	958 766	1 014 383
				North West	867 524	918 698	971 989
				Western Cape	830 729	879 671	930 698
				Unallocated	-	797 629	1 002 183
				TOTAL	10 202 503	10 753 664	11 535 668
	(b) Public Transport Operations Grant	To provide supplementary funding towards public transport services provided by provincial departments of transport.	Nationally assigned function to provinces	Eastern Cape	218 217	231 252	242 058
				Free State	241 257	255 669	267 617
				Gauteng	2 033 590	2 155 063	2 255 767
				KwaZulu-Natal	1 011 046	1 071 439	1 121 507
				Limpopo	326 129	345 610	361 761
				Mpumalanga	549 132	581 934	609 128
				Northern Cape	49 096	52 029	54 460
				North West	100 925	106 954	111 952
				Western Cape	870 900	922 921	966 048
				TOTAL	5 400 292	5 722 871	5 990 298
Social Development (Vote 17)	Early Childhood Development Grant	To extend access to early childhood development to South Africa's children	General conditional allocation to provinces	Eastern Cape	-	56 322	86 694
				Free State	-	19 863	30 670
				Gauteng	-	50 139	78 530
				KwaZulu-Natal	-	92 380	144 947
				Limpopo	-	46 765	72 008
				Mpumalanga	-	18 050	26 118
				Northern Cape	-	3 671	5 110
				North West	-	17 364	25 884
				Western Cape	-	15 274	23 104
				Unallocated	-	-	-
				TOTAL	-	319 828	493 065

SCHEDULE 4, PART B

ALLOCATIONS TO MUNICIPALITIES TO SUPPLEMENT THE FUNDING OF FUNCTIONS FUNDED FROM MUNICIPAL BUDGETS

Vote	Name of allocation	Purpose	City	Column A	Column B	
				2016/17	Forward Estimates	
					2017/18	2018/19
Human Settlements (Vote 38)	Urban Settlements Development Grant	Supplements the capital revenues of metropolitan municipalities in order to support the national human settlements development programme, focusing on poor households.		R'000	R'000	R'000
			Buffalo City	731 499	774 202	813 335
			City of Cape Town	1 423 504	1 506 605	1 582 760
			City of Johannesburg	1 775 809	1 879 476	1 974 478
			City of Tshwane	1 539 334	1 629 196	1 711 548
			Ekurhuleni	1 890 352	2 000 706	2 101 836
			eThekwini	1 885 685	1 995 766	2 096 646
			Mangaung	725 003	767 326	806 113
			Nelson Mandela Bay	868 282	918 970	965 421
			TOTAL	10 839 468	11 472 247	12 052 137
National Treasury (Vote 7)	Integrated City Development Grant	To provide a financial incentive for metropolitan municipalities to achieve a more compact urban spatial form through integrating and focussing their use of available infrastructure investment and regulatory instruments.	Buffalo City	6 080	10 829	11 457
			City of Cape Town	44 805	53 629	56 740
			City of Johannesburg	64 746	63 592	67 281
			City of Tshwane	42 652	41 892	44 322
			Ekurhuleni	38 078	45 577	48 221
			eThekwini	50 256	49 361	52 224
			Mangaung	10 912	10 718	11 339
			Nelson Mandela Bay	9 276	16 521	17 478
			TOTAL	266 805	292 119	309 062

SCHEDULE 5, PART A

SPECIFIC PURPOSE ALLOCATIONS TO PROVINCES

Vote	Name of allocation	Purpose	Type of allocation	Province	Column A	Column B	
					2016/17	Forward Estimates	
						2017/18	2018/19
					R'000	R'000	R'000
Agriculture, Forestry and Fisheries (Vote 24)	(a) Comprehensive Agriculture Support Programme	To provide effective agricultural support services, promote and facilitate agricultural development by targeting beneficiaries of land reform, restitution and redistribution, and other black producers who have acquired land through private means and are engaged in value-adding enterprises domestically, or involved in export; to address damage to infrastructure caused by floods.	Conditional allocation	Eastern Cape	263 490	277 510	289 660
				Free State	174 289	189 769	200 701
				Gauteng	85 079	93 063	98 568
				KwaZulu-Natal	222 155	235 712	249 472
				Limpopo	260 576	272 194	286 616
				Mpumalanga	172 414	177 885	185 098
				Northern Cape	128 364	135 020	141 857
				North West	171 258	183 867	197 073
				Western Cape	164 199	173 720	184 602
				TOTAL	1 641 824	1 738 740	1 833 647
	(b) Ilima/Letsema Projects Grant	To assist vulnerable South African farming communities to achieve an increase in agricultural production and invest in infrastructure that unlocks agricultural production.	Conditional allocation	Eastern Cape	63 876	67 356	71 263
				Free State	59 447	63 178	66 843
				Gauteng	26 061	27 673	30 278
				KwaZulu-Natal	63 876	67 356	71 263
				Limpopo	63 876	67 356	71 263
				Mpumalanga	49 136	52 213	58 242
				Northern Cape	55 050	58 480	60 766
				North West	59 448	63 178	66 843
				Western Cape	50 593	55 349	55 662
				TOTAL	491 363	522 139	552 423
	(c) Land Care Programme Grant: Poverty Relief and Infrastructure Development	To promote sustainable use and management of natural resources by engaging in community based initiatives that support the pillars of sustainability (social, economic and environmental), leading to greater productivity, food security, job creation and better well-being for all.	Conditional allocation	Eastern Cape	10 632	11 330	12 016
				Free State	5 506	5 851	6 190
				Gauteng	4 802	5 103	5 399
				KwaZulu-Natal	10 632	11 330	12 016
				Limpopo	10 438	11 092	11 736
				Mpumalanga	6 208	6 597	6 980
				Northern Cape	9 320	9 840	10 353
				North West	7 621	8 099	8 568
				Western Cape	4 106	4 362	4 615
				TOTAL	69 265	73 604	77 873

SCHEDULE 5, PART A

SPECIFIC PURPOSE ALLOCATIONS TO PROVINCES

Vote	Name of allocation	Purpose	Type of allocation	Province	Column A	Column B	
					2016/17	Forward Estimates	
						2017/18	2018/19
Arts and Culture (Vote 37)	Community Library Services Grant	To transform urban and rural community library infrastructure, facilities and services (primarily targeting previously disadvantaged communities) through a recapitalised programme at provincial level in support of local government and national initiatives.	Conditional allocation	Eastern Cape	R'000 149 320	R'000 158 417	R'000 167 348
				Free State	157 758	161 329	170 430
				Gauteng	163 339	174 740	184 619
				KwaZulu-Natal	163 162	175 404	185 322
				Limpopo	115 295	123 495	130 405
				Mpumalanga	155 289	165 087	174 404
				Northern Cape	152 313	165 312	174 642
				North West	136 494	143 402	151 464
				Western Cape	164 162	173 574	183 386
				TOTAL	1 357 132	1 440 760	1 522 020
Basic Education (Vote 14)	(a) HIV and AIDS (Life Skills Education) Grant	To support South Africa's HIV prevention strategy by increasing sexual and reproductive health knowledge, skills and appropriate decision making among learners and educators; to mitigate the impact of HIV and TB by providing a caring, supportive and enabling environment for learners and educators; to ensure the provision of a safe, rights-based environment in schools that is free of discrimination, stigma and any form of sexual harassment/abuse; to reduce the vulnerability of children to HIV, TB and sexually transmitted infections, with a particular focus on orphaned and vulnerable children.	Conditional allocation	Eastern Cape	39 591	41 936	44 368
				Free State	12 967	13 980	14 790
				Gauteng	32 449	34 436	36 433
				KwaZulu-Natal	53 096	56 115	59 369
				Limpopo	33 310	35 339	37 388
				Mpumalanga	18 798	20 102	21 267
				Northern Cape	5 281	5 547	5 874
				North West	16 629	17 825	18 858
				Western Cape	18 728	20 028	21 189
				TOTAL	230 849	245 308	259 536
	(b) Maths, Science and Technology Grant	To improve access, equity, efficiency and quality Mathematics, Science and Technology education in the country by providing support and resources to schools, teachers and learners for the improvement of Mathematics, Science and Technology teaching and learning at selected public schools.	Conditional allocation	Eastern Cape	46 898	48 907	51 744
				Free State	33 466	35 963	38 049
				Gauteng	49 810	53 493	56 596
				KwaZulu-Natal	62 453	63 883	67 587
				Limpopo	42 553	45 018	47 629
				Mpumalanga	41 639	41 978	44 413
				Northern Cape	23 030	25 858	27 358
				North West	34 754	37 606	39 787
				Western Cape	27 841	32 439	34 320
				TOTAL	362 444	385 145	407 483

SCHEDULE 5, PART A

SPECIFIC PURPOSE ALLOCATIONS TO PROVINCES

Vote	Name of allocation	Purpose	Type of allocation	Province	Column A	Column B	
					2016/17	Forward Estimates	
						2017/18	2018/19
Basic Education (Vote 14)	(c) National School Nutrition Programme Grant	To provide nutritious meals to targeted schools.	Conditional allocation	Eastern Cape	R'000 1 074 182	R'000 1 127 891	R'000 1 193 309
				Free State	334 971	351 720	372 119
				Gauteng	712 955	748 603	792 022
				KwaZulu-Natal	1 355 247	1 423 009	1 505 544
				Limpopo	1 085 431	1 139 703	1 205 805
				Mpumalanga	574 843	603 585	638 593
				Northern Cape	150 289	157 804	166 957
				North West	402 789	422 928	447 458
				Western Cape	315 305	331 070	350 272
				TOTAL	6 006 012	6 306 313	6 672 079
Health (Vote 16)	(a) Comprehensive HIV, AIDS and TB Grant	To enable the health sector to develop and implement an effective response to HIV and AIDS and TB; to support the national Department of Health with the President's Emergency Plan for AIDS Relief transition process	Conditional allocation	Eastern Cape	1 755 385	2 032 537	2 293 490
				Free State	1 015 061	1 171 502	1 304 022
				Gauteng	3 259 407	3 757 507	4 242 829
				KwaZulu-Natal	4 244 243	4 889 864	5 555 075
				Limpopo	1 176 489	1 363 125	1 616 878
				Mpumalanga	1 032 055	1 193 020	1 353 707
				Northern Cape	413 231	485 185	555 224
				North West	1 127 523	1 295 768	1 455 157
				Western Cape	1 267 209	1 471 825	1 655 490
				TOTAL	15 290 603	17 660 333	20 031 872
	(b) Health Facility Revitalisation Grant	To help accelerate construction, maintenance, upgrading and rehabilitation of new and existing infrastructure in health including, health technology, organisational development systems and quality assurance; to enhance capacity to deliver health infrastructure.	Conditional allocation	Eastern Cape	619 041	555 288	581 083
				Free State	474 692	485 128	502 319
				Gauteng	777 818	831 336	865 241
				KwaZulu-Natal	1 114 693	1 095 910	1 153 707
				Limpopo	379 089	440 114	461 262
				Mpumalanga	281 174	333 023	347 410
				Northern Cape	472 267	374 258	389 502
				North West	480 434	491 371	512 226
				Western Cape	673 472	582 424	608 921
				Unallocated	-	581 043	614 743
				TOTAL	5 272 680	5 769 895	6 036 414
	(c) Human Papillomavirus Vaccine Grant	To enable the health sector to prevent cervical cancer by making available Human Papillomavirus vaccination for grade 4 school girls in all public and special schools.	Conditional allocation	Eastern Cape	-	-	33 471
				Free State	-	-	11 608
				Gauteng	-	-	27 312
				KwaZulu-Natal	-	-	44 976
				Limpopo	-	-	27 471
				Mpumalanga	-	-	17 665
				Northern Cape	-	-	4 634
				North West	-	-	13 264
				Western Cape	-	-	19 599
				TOTAL	-	-	200 000

SCHEDULE 5, PART A

SPECIFIC PURPOSE ALLOCATIONS TO PROVINCES

Vote	Name of allocation	Purpose	Type of allocation	Province	Column A	Column B	
					2016/17	Forward Estimates	
						2017/18	2018/19
					R'000	R'000	R'000
Health (Vote 16)	(d) National Health Insurance Grant	Test innovations in health service delivery and provision for implementing NHI, allowing for each district to interpret and design innovations relevant to its specific context, in line with the vision for realising universal health coverage for all; to undertake health system strengthening activities in identified focus and priority areas; to assess the effectiveness of interventions/activities undertaken in the districts funded through this grant.	Conditional allocation	Eastern Cape	7 546	-	-
				Free State	7 543	-	-
				Gauteng	7 543	-	-
				KwaZulu-Natal	15 083	-	-
				Limpopo	7 543	-	-
				Mpumalanga	7 546	-	-
				Northern Cape	7 543	-	-
				North West	7 543	-	-
				Western Cape	17 337	-	-
				TOTAL	85 227	-	-
Human Settlements (Vote 38)	Human Settlements Development Grant	To provide funding for the creation of sustainable and integrated human settlements.	Conditional allocation	Eastern Cape	1 991 457	2 460 660	2 477 121
				Free State	1 098 411	1 226 608	1 306 077
				Gauteng	5 022 669	5 967 208	6 353 813
				KwaZulu-Natal	3 124 702	3 843 228	4 092 224
				Limpopo	1 208 370	1 368 289	1 456 938
				Mpumalanga	1 314 645	1 394 636	1 484 992
				Northern Cape	371 109	412 682	439 419
				North West	2 151 817	1 926 133	2 050 923
				Western Cape	2 000 811	2 460 899	2 620 336
				TOTAL	18 283 991	21 060 343	22 281 843
Public Works (Vote 11)	(a) Expanded Public Works Programme Integrated Grant for Provinces	To incentivise provincial departments to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas, in compliance with the Expanded Public Works Programme guidelines: road maintenance and the maintenance of buildings, low traffic volume roads and rural roads, other economic and social infrastructure, tourism and cultural industries, sustainable land based livelihoods and waste management.	Conditional allocation	Eastern Cape	77 370	-	-
				Free State	25 641	-	-
				Gauteng	32 820	-	-
				KwaZulu-Natal	104 066	-	-
				Limpopo	18 745	-	-
				Mpumalanga	42 855	-	-
				Northern Cape	17 876	-	-
				North West	51 021	-	-
				Western Cape	31 615	-	-
				Unallocated	-	423 802	448 383
				TOTAL	402 009	423 802	448 383

SCHEDULE 5, PART A

SPECIFIC PURPOSE ALLOCATIONS TO PROVINCES

Vote	Name of allocation	Purpose	Type of allocation	Province	Column A	Column B	
					2016/17	Forward Estimates	
						2017/18	2018/19
					R'000	R'000	R'000
Public Works (Vote 11)	(b) Social Sector Expanded Public Works Programme Incentive Grant for Provinces	To incentivise provincial social sector departments, identified in the 2015 social sector Expanded Public Works Programme log-frame to increase job creation by focusing on the strengthening and expansion of social sector programmes that have employment potential.	Conditional allocation	Eastern Cape	21 460	-	-
				Free State	21 979	-	-
				Gauteng	49 969	-	-
				KwaZulu-Natal	61 553	-	-
				Limpopo	36 802	-	-
				Mpumalanga	59 554	-	-
				Northern Cape	26 769	-	-
				North West	42 053	-	-
				Western Cape	39 523	-	-
				Unallocated	-	385 583	407 948
				TOTAL	359 662	385 583	407 948
Social Development (Vote 17)	Substance Abuse Treatment Grant	To provide funding for the construction of substance dependency treatment facilities in the provinces of Eastern Cape, Free State, Northern Cape and North West.	Conditional allocation	Eastern Cape	-	14 236	17 708
				Free State	42 500	14 238	17 709
				Gauteng	-	-	-
				KwaZulu-Natal	-	-	-
				Limpopo	-	-	-
				Mpumalanga	-	-	-
				Northern Cape	43 000	14 238	17 708
				North West	-	14 238	17 708
				Western Cape	-	-	-
				TOTAL	85 500	56 950	70 833
Sport and Recreation South Africa (Vote 40)	Mass Participation and Sport Development Grant	To facilitate sport and recreation participation and empowerment in partnership with relevant stakeholders.	Conditional allocation	Eastern Cape	68 347	71 923	75 901
				Free State	43 019	45 538	48 131
				Gauteng	101 084	106 954	113 031
				KwaZulu-Natal	90 785	95 778	101 143
				Limpopo	61 075	62 246	65 200
				Mpumalanga	49 043	52 237	55 155
				Northern Cape	33 642	35 750	37 824
				North West	46 514	49 377	52 195
				Western Cape	62 199	66 025	69 806
				TOTAL	555 708	585 828	618 386

SCHEDULE 5, PART B
SPECIFIC PURPOSE ALLOCATIONS TO MUNICIPALITIES

Vote	Name of allocation	Purpose	Column A	Column B	
			2016/17	Forward Estimates	
				2017/18	2018/19
			R'000	R'000	R'000
RECURRENT GRANTS					
Cooperative Governance and Traditional Affairs (Vote 4)	Municipal Demarcation Transition Grant	To subsidise the additional institutional and administrative costs arising from major boundary changes due to come into effect at the time of the 2016 local government elections.	297 422	111 856	52 900
Energy (Vote 26)	Energy Efficiency and Demand Side Management Grant	To provide subsidies to municipalities to implement Energy Efficiency and Demand Side Management initiatives within municipal infrastructure in order to reduce electricity consumption and improve energy efficiency.	185 625	203 236	215 024
National Treasury (Vote 7)	(a) Infrastructure Skills Development Grant	To recruit unemployed graduates into municipalities to be trained as per the requirements of the relevant statutory councils within the built environment.	130 471	140 774	148 939
	(b) Local Government Financial Management Grant	To promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act.	465 264	502 006	531 122
Public Works (Vote 11)	Expanded Public Works Programme Integrated Grant for Municipalities	To incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas, in compliance with the Expanded Public Works Programme Guidelines: road maintenance and the maintenance of buildings, low traffic volume roads and rural roads, basic services infrastructure, including water and sanitation reticulation (excluding bulk infrastructure), other economic and social infrastructure, tourism and cultural industries, waste management, parks and beautification, sustainable land-based livelihoods, social services programmes and community safety programmes.	663 991	716 427	757 979
TOTAL			1 742 773	1 674 299	1 705 964

SCHEDULE 5, PART B

SPECIFIC PURPOSE ALLOCATIONS TO MUNICIPALITIES

Vote	Name of allocation	Purpose	Column A	Column B	
			2016/17	Forward Estimates	
				2017/18	2018/19
			R'000	R'000	R'000
INFRASTRUCTURE GRANTS					
Cooperative Governance and Traditional Affairs (Vote 4)	(a) Municipal Disaster Recovery Grant	To rehabilitate and reconstruct municipal infrastructure damaged by a disaster.	140 000	-	-
	(b) Municipal Infrastructure Grant	To provide specific capital finance for eradicating basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities.	14 914 028	15 991 252	16 893 685
	(c) Municipal Systems Improvement Grant	To assist municipalities to perform their functions and stabilise institutional and governance systems as required in the Municipal Systems Act, the Municipal Property Rates Act and related legislation.	-	-	-
Energy (Vote 26)	Integrated National Electrification Programme (Municipal) Grant	To implement the Integrated National Electrification Programme by providing capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings, and the installation of bulk infrastructure.	1 946 246	2 087 048	2 204 477
National Treasury (Vote 7)	Neighbourhood Development Partnership Grant	To plan, catalyse and invest in targeted locations in order to attract and sustain third party capital investments aimed at spatial transformation, that will improve the quality of life and the levels of access to opportunity for residents in South Africa's under-served neighbourhoods, generally townships.	624 000	663 390	701 867
Transport (Vote 35)	(a) Public Transport Network Grant	To provide funding for accelerated construction and improvement of public and non-motorised transport infrastructure that form part of a municipal integrated public transport network and to support the planning, regulation, control, management and operations of fiscally and financially sustainable municipal public transport network services.	5 592 691	6 359 895	6 793 269
	(b) Rural Roads Asset Management Systems Grant	To assist rural district municipalities to set up rural Roads Asset Management Systems, and collect road, bridge and traffic data on municipal road networks in line with the Road Infrastructure Strategic Framework for South Africa.	101 514	107 309	113 533
Water and Sanitation (Vote 36)	(a) Water Services Infrastructure Grant	To facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and improve the sustainability of services in prioritised district municipalities, especially in rural municipalities; provide interim, intermediate water and sanitation services that ensure provision of services to identified and prioritised communities, including through spring protection, drilling, testing and equipping of boreholes and on-site solutions; to support drought relief projects in affected municipalities.	2 844 982	3 729 864	3 959 056
	(b) Regional Bulk Infrastructure Grant	To develop new, refurbish, upgrade and replace ageing infrastructure that connects water resources to infrastructure serving extensive areas across municipal boundaries or large regional bulk infrastructure serving numerous communities over a large area within a municipality; to develop new, refurbish, upgrade and replace ageing waste water infrastructure of regional significance; to pilot regional Water Conservation and Water Demand Management projects or facilitate and contribute to the implementation of local Water Conservation and Water Demand Management projects that will directly impact on bulk infrastructure requirements.	1 850 000	1 865 000	2 060 000
TOTAL			28 013 461	30 803 758	32 725 887

SCHEDULE 6, PART A

ALLOCATIONS-IN-KIND TO PROVINCES FOR DESIGNATED SPECIAL PROGRAMMES

Vote	Name of allocation	Purpose	Column A	Column B	
			2016/17	Forward Estimates	
				2017/18	2018/19
Basic Education (Vote 14)	School Infrastructure Backlogs Grant	Eradication of all inappropriate school infrastructure; provision of water, sanitation and electricity to schools.	R'000 2 374 867	R'000 -	R'000 -
Health (Vote 16)	National Health Insurance Indirect Grant	To address capacity constraints in the provinces and to create an alternate track to speed up infrastructure delivery; to develop and pilot innovative models for purchasing services from health practitioners and other service providers in National Health Insurance pilot districts; to improve spending, performance, monitoring and evaluation on National Health Insurance pilots and infrastructure projects; to fund the introduction of the Human Papillomavirus vaccination programme in schools; to enable the health sector to address deficiencies in the primary health care facilities systematically to yield big fast results; to fund development and roll-out of new health information systems in preparation for National Health Insurance	1 261 230	1 663 037	1 764 859
TOTAL			3 636 097	1 663 037	1 764 859

SCHEDULE 6, PART B

ALLOCATIONS-IN-KIND TO MUNICIPALITIES FOR DESIGNATED SPECIAL PROGRAMMES

Vote	Name of allocation	Purpose	Column A	Column B	
			2016/17	Forward Estimates	
				2017/18	2018/19
			R'000	R'000	R'000
Cooperative Governance and Traditional Affairs (Vote 4)	(a) Municipal Infrastructure Grant	To provide specific capital finance for eradicating basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities.	-	-	-
	(b) Municipal Demarcation Transition Grant	To subsidise the additional institutional and administrative costs arising from major boundary changes due to come into effect at the time of the 2016 local government elections.	-	-	-
	(c) Municipal Systems Improvement Grant	To assist municipalities to perform their functions and stabilise institutional and governance systems as required in the Municipal Systems Act, the Municipal Property Rates Act and related legislation.	84 349	103 249	115 116
Energy (Vote 26)	Integrated National Electrification Programme (Eskom) Grant	To implement the Integrated National Electrification Programme by providing capital subsidies to Eskom to address the electrification backlog of occupied residential dwellings, the installation of bulk infrastructure and rehabilitation and refurbishment of electricity infrastructure in order to improve quality of supply in Eskom licenced areas.	3 526 334	3 876 154	3 995 031
National Treasury (Vote 7)	Neighbourhood Development Partnership Grant	To plan, catalyse and invest in targeted locations in order to attract and sustain third party capital investments aimed at spatial transformation, that will improve the quality of life and access to opportunities for residents in South Africa's under-served neighbourhoods, generally townships.	22 209	27 744	29 353
Water and Sanitation (Vote 36)	(a) Bucket Eradication Programme Grant	To provide funding for the eradication of bucket sanitation in formal areas.	350 000	-	-
	(b) Water Services Infrastructure Grant	To facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and improve the sustainability of services in prioritised district municipalities, especially in rural municipalities; provide interim, intermediate water and sanitation services that ensure provision of services to identified and prioritised communities, including through spring protection, drilling, testing and equipping of boreholes and on-site solutions; to support drought relief projects in affected municipalities.	311 545	587 122	608 175
	(c) Regional Bulk Infrastructure Grant	To develop new, refurbish, upgrade and replace ageing infrastructure that connects water resources to infrastructure serving extensive areas across municipal boundaries or large regional bulk infrastructure serving numerous communities over a large area within a municipality; to develop new, refurbish, upgrade and replace ageing waste water infrastructure of regional significance; to pilot regional Water Conservation and Water Demand Management projects or facilitate and contribute to the implementation of local Water Conservation and Water Demand Management projects that will directly impact on bulk infrastructure requirements.	3 478 829	2 806 279	2 931 443
TOTAL			7 773 266	7 400 548	7 679 118

SCHEDULE 7, PART A

UNALLOCATED PROVISIONS FOR PROVINCES FOR DISASTER RESPONSE

Vote	Name of allocation	Purpose	Column A	Column B	
			2016/17	Forward Estimates	
				2017/18	2018/19
Cooperative Governance and Traditional Affairs (Vote 4)	Provincial Disaster Grant	To provide for the immediate release of funds for disaster response.	R'000	R'000	R'000
			111 545	123 432	130 591
			TOTAL		111 545

SCHEDULE 7 PART B

UNALLOCATED PROVISIONS FOR MUNICIPALITIES FOR DISASTER RESPONSE

Vote	Name of allocation	Purpose		Column A	Column B	
				2016/17	Forward Estimates	
					2017/18	2018/19
Cooperative Governance and Traditional Affairs (Vote 4)	Municipal Disaster Grant	To provide for the immediate release of funds for disaster response.		R'000	R'000	R'000
				269 922	300 281	317 697
				TOTAL		269 922

MEMORANDUM ON THE OBJECTS OF THE DIVISION OF REVENUE BILL, 2016

1. BACKGROUND

- 1.1 Section 214(1) of the Constitution of the Republic of South Africa, 1996, (“the Constitution”) requires that an Act of Parliament must provide for—
 - (a) the equitable division of revenue raised nationally among the national, provincial and local spheres of government;
 - (b) the determination of each province’s equitable share of the provincial share of that revenue; and
 - (c) any other allocations to provinces, local government or municipalities from the national government’s share of that revenue, and for any conditions on which those allocations may be made.
- 1.2 Section 10 of the Intergovernmental Fiscal Relations Act, 1997 (Act No. 97 of 1997), requires that, as part of the process of the enactment of the Act of Parliament referred to in paragraph 1.1, each year when the annual budget is introduced, the Minister of Finance must introduce in the National Assembly a Division of Revenue Bill (“the Bill”) for the financial year to which that budget relates.
- 1.3 The Intergovernmental Fiscal Relations Act, 1997, requires that the Bill be accompanied by a memorandum explaining—
 - (a) how the Bill takes account of each of the matters listed in section 214(2)(a) to (j) of the Constitution;
 - (b) the extent to which account was taken of any recommendations of the Financial and Fiscal Commission (“the FFC”) that were submitted to the Minister of Finance or were raised during consultations with the FFC; and
 - (c) any assumptions or formulae used in arriving at the respective shares of the three spheres of government and the division of the provincial share between the nine provinces.
- 1.4 In terms of section 7(4) of the Money Bills Amendment Procedure and Related Matters Act, 2009 (Act No. 9 of 2009), when tabling the budget, a report must also be tabled that responds to the recommendations made in the reports by the Parliamentary Committees on Finance on the proposed fiscal framework in the Medium Term Budget Policy Statement and the reports by the Committees on Appropriations regarding the proposed division of revenue and the conditional grant allocations to provinces and local government as contained in the Medium Term Budget Policy Statement. The report must explain how the Bill and the national budget give effect to, or the reasons for not taking into account, the recommendations contained in the Committee reports.
- 1.5 The memorandum referred to in paragraph 1.3 is attached to this Memorandum and will also be attached as “Annexure W1” to the Budget Review, and the report referred to in paragraph 1.4 will be tabled with the budget.
- 1.6 The Bill is introduced in compliance with the Constitution, the Intergovernmental Fiscal Relations Act, 1997, and the Money Bills Amendment Procedure and Related Matters Act, 2009, as set out in paragraphs 1.1 to 1.4.
- 1.7 The allocations contemplated in section 214(1) of the Constitution are set out in the following Schedules to the Bill:
 - *Schedule 1* contains the equitable shares of the three spheres of government;
 - *Schedule 2* sets out provincial equitable share allocations;
 - *Schedule 3* sets out local government equitable share allocations per municipality;

- *Schedules 4 to 7* deal with grant allocations for provinces and municipalities, including allocations to supplement funding of functions funded from provincial and municipal budgets, specific purpose allocations, allocations-in-kind (indirect transfers to provinces and local government) and the release of funds to provinces and municipalities for immediate response to a disaster.

2. SUMMARY OF BILL

2.1 The following is a brief summary of the Bill:

- **Clause 1** contains definitions;
- **Clause 2** sets out the objects of the Bill, which are to provide for the equitable division of revenue raised nationally among the three spheres and to promote predictability and certainty in respect of allocations to provinces and municipalities as well as transparency and accountability in the resource allocation process;
- **Clause 3** provides for the equitable division of anticipated revenue raised nationally among the national, provincial and local spheres of government, which is set out in Schedule 1;
- **Clause 4** provides for each province's equitable share, which is set out in Schedule 2, and that it must be transferred in terms of a payment schedule;
- **Clause 5** provides for each municipality's equitable share of revenue, which is set out in Schedule 3 and that it must be transferred on dates specified in clause 5 in amounts as determined in terms of clause 23(2);
- **Clause 6** determines what must happen if actual revenue raised falls short or is in excess of anticipated revenue for the financial year, and allows for additional conditional and unconditional allocations to be made from the national government's portion of the equitable share or excess revenue;
- **Clause 7** provides for conditional allocations to provinces in Part A of Schedules 4 to 7;
- **Clause 8** provides for conditional allocations to municipalities in Part B of Schedules 4 to 7;
- **Clauses 9 and 10** set out the duties of a transferring national officer in respect of Schedules 4, 5 and 6 allocations;
- **Clauses 11 and 12** set out the duties of a receiving officer in respect of Schedules 4, 5 and 7 allocations;
- **Clauses 13 and 14** set out the additional duties of a receiving officer in respect of infrastructure conditional allocations to provinces and to metropolitan municipalities;
- **Clause 15** prescribes the duties in respect of annual financial statements and annual reports for the 2016/17 financial year;
- **Clause 16** requires the publication of certain allocations and all conditional grant frameworks in the *Government Gazette*;
- **Clause 17** requires that spending must only be in accordance with the purpose and subject to the conditions set out in the grant frameworks for Schedule 4 to 7 allocations, and sets out funding related arrangements if a function partially or fully funded by a conditional grant is assigned by a province to a municipality;

- *Clauses 18 and 19* provide for the withholding and stopping of allocations;
- *Clause 20* provides for the reallocation of funds;
- *Clause 21* provides for the possible conversion of certain allocations in order to prevent under-spending on the allocation, if the affected national or provincial department has demonstrated the capacity to implement projects;
- *Clause 22* provides for the management of unspent conditional allocations;
- *Clauses 23 and 24* provide for payment schedules and their amendment;
- *Clause 25* provides for the recovery of any allocation transferred in error or fraudulently;
- *Clause 26* provides for allocations not listed in the Schedules;
- *Clause 27* provides for preparations for the 2017/18 and 2018/19 financial years;
- *Clause 28* deals with transfers before the commencement of the Division of Revenue Act for the 2016/17 financial year and the conditions attached to such transfers;
- *Clause 29* sets out the duties of municipalities;
- *Clause 30* sets out the duties and powers of provincial treasuries;
- *Clause 31* sets out the duties and powers of the National Treasury;
- *Clauses 32 to 37* provide for general matters such as liability for costs incurred in violation of principles of cooperative governance and inter-governmental relations, irregular expenditure, financial misconduct, delegations and assignments, exemptions and the power of the Minister of Finance to make regulations;
- *Clause 38* provides for transitional measures to cater for local government elections scheduled for 2016.
- *Clauses 39 and 40* provide for the repeal of laws and the short title and commencement.

3. ORGANISATIONS AND INSTITUTIONS CONSULTED

3.1 The following institutions were consulted on the Bill—

- Financial and Fiscal Commission;
- South African Local Government Association; and
- National and provincial departments.

4. FINANCIAL IMPLICATIONS TO THE STATE

This memorandum outlines the proposed division of revenue between the three spheres of government, and the financial implications to government are limited to the total transfers to provinces and local government as indicated in the Schedules to the Bill.

5. CONSTITUTIONAL IMPLICATIONS

The Bill gives effect to section 214 of the Constitution.

6. PARLIAMENTARY PROCEDURE

- 6.1 The State Law Advisers and the National Treasury are of the opinion that this Bill must be dealt with in accordance with the procedure prescribed by section 76(1) of the Constitution, since it provides for legislation envisaged in Chapter 13 of the Constitution, and it includes provisions affecting the financial interests of the provincial sphere of government, as contemplated in section 76(4)(b) of the Constitution.
- 6.2 Chapter 4 of the Constitution provides for the procedures that Bills must follow in Parliament. Section 76 of the Constitution provides for parliamentary procedure for ordinary Bills affecting the provinces. In terms of section 76(3) a Bill must be dealt with in accordance with the procedure established by either subsection 76(1) or subsection 76(2) if it falls within a functional area listed in Schedule 4.
- 6.3 In **Stephen Segopotso Tongoane and Others v Minister for Agriculture and Land Affairs and Others CCT100/9 [2010] ZACC 10** at paragraphs 70 and 72, the Constitutional Court stated that the test for determining how a Bill is to be tagged must be broader than that for determining legislative competence. Whether a Bill is a section 76 Bill is determined in two ways. First by the explicit list of legislative matters in section 76(3), and second by whether the provisions of a Bill in substantial measure fall within a concurrent legislative competence.
- 6.4 This test compels us to consider the substance, purpose and effect of the subject matter of the proposed Bill.
- 6.5 As already pointed out, the Bill provides for legislation envisaged in Chapter 13 of the Constitution. Furthermore, the Bill includes provisions affecting the financial interests of the provincial sphere of government as contemplated in section 76(4)(b) of the Constitution. We are therefore of the opinion that the Bill must be dealt with in accordance with the procedure envisaged by section 76(1) of the Constitution.
- 6.6 The State Law Advisers are of the opinion that it is not necessary to refer this Bill to the National House of Traditional Leaders in terms of section 18(1)(a) of the Traditional Leadership and Governance Framework Act, 2003 (Act No. 41 of 2003), since it does not contain provisions pertaining to customary law or the customs of traditional communities.

DIVISION OF REVENUE

ATTACHMENTS

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EXPLANATORY MEMORANDUM TO THE DIVISION OF REVENUE

(Website “Annexure W1” to the 2016 Budget Review)

W1

Explanatory memorandum to the division of revenue

■ Background

Section 214(1) of the Constitution requires that every year a Division of Revenue Act determine the equitable division of nationally raised revenue between national government, the nine provinces and 257 municipalities (278 municipalities prior to the 2016 local government elections). The tabled allocations are published with the new municipal demarcations even though the elections will be held later in the year.

The division of revenue takes into account the powers and functions assigned to each sphere of government. The process fosters transparency and is at the heart of constitutional cooperative governance.

The Intergovernmental Fiscal Relations Act (1997) prescribes the process for determining the equitable sharing and allocation of nationally raised revenue. Sections 9 and 10(4) of the act set out the consultation process to be followed with the Financial and Fiscal Commission (FFC), including considering the commission's recommendations regarding the division of revenue.

This explanatory memorandum to the 2016 Division of Revenue Bill fulfils the requirement set out in section 10(5) of the Intergovernmental Fiscal Relations Act that the bill be accompanied by an explanation of how it takes account of the matters listed in sections 214(2)(a) to (j) of the Constitution, government's response to the FFC's recommendations, and any assumptions and formulas used in arriving at the respective divisions among provinces and municipalities. This explanatory memorandum has six sections:

- Part 1 lists the factors that inform the division of resources between national, provincial and local government.
- Part 2 describes the 2016 division of revenue.
- Part 3 sets out how the FFC's recommendations on the 2016 division of revenue have been taken into account.

- Part 4 explains the formula and criteria for the division of the provincial equitable share and conditional grants among provinces.
- Part 5 sets out the formula and criteria for the division of the local government equitable share and conditional grants among municipalities.
- Part 6 summarises issues that will form part of subsequent reviews of provincial and local government fiscal frameworks.

The Division of Revenue Bill and its underlying allocations are the result of extensive consultation between national, provincial and local government. The Budget Council deliberated on the matters discussed in this memorandum at several meetings during the year. The approach to local government allocations was discussed with organised local government at technical meetings with the South African Local Government Association (SALGA), culminating in meetings of the Budget Forum (the Budget Council and SALGA). An extended Cabinet meeting involving ministers, provincial premiers and the SALGA chairperson was held in October 2015. The division of revenue, and the government priorities that underpin it, was agreed for the next three years.

Part 1: Constitutional considerations

The annual Division of Revenue Act is enacted after factors in sections 214(2)(a) to (j) of the Constitution are taken into account. These include national interest, debt provision, the needs of national government, flexibility in responding to emergencies, resource allocation for basic services and developmental needs, the fiscal capacity and efficiency of provincial and local government, the reduction of economic disparities, and the promotion of stability and predictability. The constitutional principles taken into account in deciding on the division of revenue are briefly noted below.

National interest and the division of resources

The national interest is encapsulated by governance goals that benefit the nation as a whole. The National Development Plan, endorsed by Cabinet in November 2012, sets out a long-term vision for the country's development. This is complemented by the strategic integrated projects overseen by the Presidential Infrastructure Coordinating Council and the 14 priority outcomes adopted by Cabinet in 2014 for the 2014–2019 medium-term strategic framework. In the 2015 *Medium Term Budget Policy Statement*, the Minister of Finance outlined how the resources available to government over the 2016 medium-term expenditure framework (MTEF) would be allocated to help achieve these goals. Chapter 4 of the 2015 *Medium Term Budget Policy Statement* and Chapters 5 and 6 of the 2016 *Budget Review* discuss how funds have been allocated across government based on these priorities. The frameworks for each conditional grant allocated as part of the division of revenue also note how the grant is linked to the 14 priority outcomes.

Provision for debt costs

The resources shared between national, provincial and local government include proceeds from national government borrowing used to fund public spending. National government provides for the resulting debt costs to protect the country's integrity and credit reputation. A more detailed discussion can be found in Chapter 7 of the 2016 *Budget Review*.

National government's needs and interests

The Constitution assigns exclusive and concurrent powers and functions to each sphere of government. National government is exclusively responsible for functions that serve the national interest and are best centralised. National and provincial government have concurrent responsibility for a range of functions. Provincial and local government receive equitable shares and conditional grants to enable them to provide basic services and perform their functions. Functions may shift between spheres of government to better meet its needs. The division of revenue responds to this by modifying the funding arrangements.

Changes continue to be made to various national transfers to provincial and local government to improve their efficiency, effectiveness and alignment with national strategic objectives.

Provincial and local government basic services

Provinces and municipalities are assigned service delivery functions such as education, health, social development, housing, roads, provision of electricity and water, and municipal infrastructure. They have significant autonomy to allocate resources to meet basic needs and respond to provincial and local priorities, while giving effect to national objectives. The division of revenue provides equitable shares to provinces and local government, together with conditional grants for basic service delivery.

Strong growth in allocations to provincial and local government reflects government's emphasis on priority services such as health, education and basic services, as well as the rising costs of these services due to higher wages, and bulk electricity and water costs. Transfers to local government have grown significantly in recent years, providing municipalities with greater resources to deliver basic services. This is in addition to local government's substantial revenue-raising powers.

The 2016 division of revenue has prioritised the rollout of water and sanitation infrastructure. In addition, a grant to municipalities affected by the 2016 boundary changes will help minimise any negative effects that the transition may have on service delivery. The division of revenue also gives expression to the National Development Plan's prioritisation of early childhood development.

Fiscal capacity and efficiency

National government has primary revenue-raising powers. Provinces have limited revenue-raising capacity and the resources required to deliver provincial functions do not lend themselves to self-funding or cost recovery. Due to their limited revenue-raising potential and their responsibility to implement government priorities, provinces receive a larger share of nationally raised revenue than local government. Municipalities finance most of their expenditure through property rates, user charges and fees. However, compared to large urban and metropolitan municipalities, rural municipalities raise significantly less revenue.

Local government's share of nationally raised revenue has increased from 3 per cent in 2000/01 to 9.1 per cent over the 2016 MTEF period. A review of the local government equitable share was completed in 2012 and a new formula is being phased in from 2013/14 to 2017/18. The new formula incorporates a revenue adjustment factor that considers the fiscal capacity of the recipient municipality (full details of the formula are provided in part 5 of this annexure). The mechanisms for allocating funds to provinces and municipalities are continuously reviewed to improve their efficiency. A new approach to the funding of provincial infrastructure is being introduced to promote better planning and implementation, and to improve efficiency in the delivery of health and education infrastructure. To maximise the effect of allocations, many provincial and local government conditional grants use criteria that consider the recipient's efficient use of previous allocations.

Developmental needs

Developmental needs are accounted for at two levels. First, in the determination of the division of revenue, which explains the continued commitment to grow the provincial and local government shares of nationally raised revenue; and second, in the determination of the division within each sphere through the formulas used to divide national transfers among municipalities and provinces. Developmental needs are encapsulated in the equitable share formulas for provincial and local government and in specific conditional grants, such as the *municipal infrastructure grant*, which allocates funds according to the number of households in a municipality without access to basic services. Various infrastructure grants and growing capital budgets aim to boost the economic and social development of provinces and municipalities.

Economic disparities

The equitable share and infrastructure grant formulas are redistributive towards poorer provinces and municipalities. Through the division of revenue, government continues to invest in economic infrastructure (such as roads) and social infrastructure (such as schools, hospitals and clinics) to stimulate economic development, create jobs, and address economic and social disparities.

Obligations in terms of national legislation

The Constitution confers autonomy on provincial governments and municipalities to determine priorities and allocate budgets. National government is responsible for policy development, national mandates, setting national norms and standards for provincial and municipal functions, and monitoring implementation for concurrent functions. The 2016 MTEF and division of revenue provide additional funding for municipalities affected by significant boundary changes due to take effect after the 2016 local government elections. To support the newly amalgamated municipalities and ensure a smooth transition, the *municipal demarcation transition grant* was established in 2015/16 for a period of three years (to 2017/18). National government will also ensure that baseline reductions do not affect important obligations that are already funded through existing provincial and local government allocations.

Predictability and stability

Provincial and local government equitable share allocations are based on estimates of nationally raised revenue. If this revenue falls short of the estimates within a given year, the equitable shares of provinces and local government will not be adjusted downwards. Allocations are assured (voted, legislated and guaranteed) for the first year and are transferred according to a payment schedule. To contribute to longer-term predictability and stability, estimates for a further two years are published with the annual proposal for appropriations. Adjusted estimates as a result of changes to data underpinning the equitable share formulas and revisions to the formulas are phased in to ensure minimal disruption.

Flexibility in responding to emergencies

Government has a contingency reserve that provides a cushion for emergencies and unforeseeable events. In addition, two conditional grants for disasters allow for the swift allocation and transfer of funds to affected provinces and municipalities in the immediate aftermath of a declared disaster. Sections 16 and 25 of the Public Finance Management Act (1999) make specific provision for the allocation of funds to deal with emergency situations. Section 30(2) deals with adjustment allocations for unforeseeable and unavoidable expenditure. Section 29 of the Municipal Finance Management Act (2003) allows a municipal mayor to authorise unforeseeable and unavoidable expenditure in an emergency. Section 20(6) of the 2016 Division of Revenue Bill also allows conditional grant funds to be reprioritised to respond to a disaster.

Part 2: The 2016 division of revenue

Government's central fiscal objective over the MTEF period is to stabilise the growth of debt as a share of GDP and strictly adhere to the planned expenditure ceiling (see Chapters 1, 3 and 5 of the *Budget Review*). The most important public spending programmes that help poor South Africans, contribute to growth and generate employment have been protected from major reductions. The 2016 division of revenue reprioritises existing funds to ensure these objectives are met despite the lower expenditure ceiling. Parts 4 and 5 of this annexure set out in more detail how the baseline reductions have been applied to provincial and local government transfers.

Excluding debt-service costs and the contingency reserve, allocated expenditure shared between the three spheres amounts to R1.165 trillion, R1.250 trillion and R1.347 trillion over each of the MTEF years. These allocations take into account government's spending priorities, each sphere's revenue-raising capacity and responsibilities, and input from various intergovernmental forums and the FFC. The provincial and local

equitable share formulas are designed to ensure fair, stable and predictable revenue shares, and to address economic and fiscal disparities.

Government's policy priorities for the 2016 MTEF period

Following the reductions to the baseline, existing budgets need to be reprioritised to meet government's policy priorities outlined in the medium-term strategic framework. Priorities over the 2016 MTEF period that are funded through reprioritisations in the division of revenue include:

- Introducing appropriate incentives to upgrade and maintain provincial and municipal infrastructure.
- Extending HIV/AIDS intervention spending to include tuberculosis.
- Completing the eradication of bucket sanitation systems in formal residential areas.
- Extending access to early childhood development centres through a new grant.

The fiscal framework

Table W1.1 presents the medium-term macroeconomic forecasts for the 2016 Budget. It sets out the growth assumptions and fiscal policy targets on which the fiscal framework is based.

Table W1.1 Medium-term macroeconomic assumptions, 2015/16 – 2018/19

R billion/percentage of GDP	2015/16		2016/17		2017/18		2018/19
	2015 Budget	2016 Budget	2015 Budget	2016 Budget	2015 Budget	2016 Budget	2016 Budget
Gross domestic product	4 191.8	4 073.2	4 538.8	4 388.4	4 926.1	4 750.7	5 161.3
Real GDP growth	2.0%	0.9%	2.6%	1.2%	2.9%	1.9%	2.5%
GDP inflation	5.9%	5.1%	5.5%	6.4%	5.4%	6.3%	6.0%
National budget framework							
Revenue	1 049.3	1 074.5	1 166.0	1 162.0	1 265.4	1 264.3	1 388.7
Percentage of GDP	25.0%	26.4%	25.7%	26.5%	25.7%	26.6%	26.9%
Expenditure	1 222.3	1 247.3	1 309.9	1 318.3	1 420.9	1 421.7	1 540.0
Percentage of GDP	29.2%	30.6%	28.9%	30.0%	28.8%	29.9%	29.8%
Main budget balance¹	-173.1	-172.8	-144.0	-156.3	-155.5	-157.4	-151.3
Percentage of GDP	-4.1%	-4.2%	-3.2%	-3.6%	-3.2%	-3.3%	-2.9%

1. A positive number reflects a surplus and a negative number a deficit

Source: National Treasury

Table W1.2 sets out the division of revenue for the 2016 MTEF period after accounting for new policy priorities. The division of revenue includes an amount of R17.8 billion provisionally allocated in 2018/19, which will only be assigned to specific programmes during the 2017 budget process, subject to the approval of spending proposals. Of this amount, R5.8 billion has indicatively been allocated to the provincial equitable share and R4.5 billion to local government conditional grants. These amounts are not discussed in the rest of this explanatory memorandum because they will only be allocated to specific grants and programmes during the 2017 budget process.

Table W1.2 Division of nationally raised revenue, 2012/13 – 2018/19

	2012/13	2013/14 Outcome	2014/15	2015/16 Revised estimate	2016/17	2017/18	2018/19
R million					Medium-term estimates		
Division of available funds							
National departments	420 246	453 406	490 039	546 788	559 849	594 090	637 755
<i>of which:</i>							
<i>Indirect transfers to provinces</i>	2 315	2 693	5 808	3 150	3 636	1 663	1 765
<i>Indirect transfers to local government</i>	5 050	5 945	8 895	10 525	7 773	7 401	7 679
Provinces	380 929	410 572	439 544	471 768	499 844	542 344	582 913
Equitable share ¹	310 741	336 495	359 922	386 500	410 699	441 831	474 852
Conditional grants	70 188	74 077	79 623	85 268	89 146	100 513	108 061
Local government	76 200	82 595	87 656	99 650	104 925	113 340	125 811
Equitable share	37 139	38 964	41 592	50 507	52 569	57 012	61 732
Conditional grants ²	30 021	34 018	35 874	38 485	41 132	44 543	51 611
General fuel levy sharing with metros	9 040	9 613	10 190	10 659	11 224	11 785	12 469
Non-interest allocations	877 374	946 574	1 017 239	1 118 206	1 164 618	1 249 774	1 346 479
Percentage increase	7.9%	7.9%	7.5%	9.9%	4.2%	7.3%	7.7%
Debt-service costs	88 121	101 185	114 798	129 111	147 720	161 927	178 556
Contingency reserves	–	–	–	–	6 000	10 000	15 000
Main budget expenditure	965 496	1 047 759	1 132 037	1 247 317	1 318 338	1 421 701	1 540 035
Percentage increase	8.5%	8.5%	8.0%	10.2%	5.7%	7.8%	8.3%
Percentage shares							
<i>National departments</i>	47.9%	47.9%	48.2%	48.9%	48.1%	47.5%	47.4%
<i>Provinces</i>	43.4%	43.4%	43.2%	42.2%	42.9%	43.4%	43.3%
<i>Local government</i>	8.7%	8.7%	8.6%	8.9%	9.0%	9.1%	9.3%

1. Includes unallocated amounts

2. Includes unallocated amounts

Source: National Treasury

Table W1.3 shows how changes to the baseline are spread across all spheres of government. The new focus areas and baseline reductions are accommodated by shifting savings towards priorities.

Table W1.3 Changes over baseline,¹ 2016/17 – 2017/18

R million	2016/17	2017/18
National departments	6 071	8 003
Provinces	3 585	15 962
Local government	989	3 323
Allocated expenditure	10 645	27 287

Source: National Treasury

Table W1.4 sets out schedule 1 of the Division of Revenue Bill, which reflects the legal division of revenue between national, provincial and local government. In this division, the national share includes all conditional grants to provinces and local government in line with section 214(1) of the Constitution, and the allocations for each sphere reflect equitable shares only.

**Table W1.4 Schedule 1 of the Division of Revenue Bill,
2016/17 – 2018/19**

R million	2016/17	2017/18	2018/19
	Allocation	Forward estimates	
National ^{1, 2}	855 071	922 857	1 003 451
Provincial ³	410 699	441 831	474 852
Local	52 569	57 012	61 732
Total	1 318 338	1 421 701	1 540 035

1. National share includes conditional grants to provinces and local government, general fuel levy sharing with metropolitan municipalities, debt-service costs and the contingency reserve

2. Direct charges for the provincial equitable share are netted out

3. Provincial share includes an unallocated amount of R5.8 billion in 2018/19 that is not included in the forward estimates of provincial allocations in tables W1.6 and W1

Source: National Treasury

The 2016 *Budget Review* sets out in detail how constitutional issues and government's priorities are taken into account in the 2016 division of revenue. It describes economic and fiscal policy considerations, revenue issues, debt and financing considerations, and expenditure plans. Chapter 6 focuses on provincial and local government financing.

Part 3: Response to the FFC's recommendations

Section 9 of the Intergovernmental Fiscal Relations Act requires the FFC to make recommendations regarding:

- "An equitable division of revenue raised nationally, among the national, provincial and local spheres of government;
- the determination of each province's equitable share in the provincial share of that revenue; and
- any other allocations to provinces, local government or municipalities from the national government's share of that revenue, and any conditions on which those allocations should be made."

The act requires that the FFC table these recommendations at least 10 months before the start of each financial year. The FFC tabled its *Submission for the Division of Revenue 2016/17* to Parliament in May 2015. These recommendations cover the following areas: macro-micro and fiscal aspects of public investment management; the proliferation of indirect grants, as well as design and accountability in public infrastructure management; and state capacity improvements through education and productivity interventions.

Section 214 of the Constitution requires that the FFC's recommendations be considered before tabling the division of revenue. Section 10 of the Intergovernmental Fiscal Relations Act requires that the Minister of Finance table a Division of Revenue Bill with the annual budget in the National Assembly. The bill must be accompanied by an explanatory memorandum setting out how government has taken into account the FFC's recommendations when determining the division of revenue. This part of the explanatory memorandum complies with this requirement.

The FFC's recommendations can be divided into three categories:

- Recommendations that apply directly to the division of revenue
- Recommendations that indirectly apply to issues related to the division of revenue
- Recommendations that do not relate to the division of revenue.

Government's responses to the first and second categories are provided below. The relevant national departments are considering the recommendations that do not relate to the division of revenue, and they will respond directly to the FFC.

Recommendations that apply directly and indirectly to the division of revenue

Chapter 1: Responding to South Africa's infrastructure challenges

Infrastructure-led growth that provides the conditions for the future prosperity of all South Africans

The FFC recommends that government “redesigns capital conditional grants by:

- (a) Allowing for payment of infrastructure upstream costs of provinces and municipalities;
- (b) Making capital grants pledgeable where a long-term capital strategy is in place; and
- (c) Extending the existing incentive/support for long-term capital planning.”

Government response

Government continuously evaluates conditional grants to both provincial and local government. Its responses to the three points raised are detailed below.

Several grants allow for upstream costs (for example, transport planning or project management capacity). However, government is cautious of diverting excessive funds away from capital investment, which is why the need for upstream costs is evaluated on a grant-by-grant and differentiated basis.

The Division of Revenue Act does allow for pledging of municipal grants when a long-term capital strategy is in place. However, because borrowing should largely fund infrastructure that contributes to future revenues, municipal own revenues should be used to borrow against more than grants.

Given that provinces invest in capital projects that serve as public goods, and they have limited revenue-raising potential, borrowing is not encouraged, but is approved under special circumstances.

Several provincial infrastructure grants (including grants for health, education and roads) are allocated based on the submission of plans two years in advance to encourage longer-term planning.

The built environment performance plans required by the *integrated city development grant* already incentivise cities to engage in long-term planning. The review of local government infrastructure grants will introduce a number of reforms to enhance longer-term planning. Government will work with the FFC to implement the proposed solutions.

Efficiency and alignment of infrastructure procurement and management

The FFC recommends that government “enhance efficiency by ensuring alignment between infrastructure procurement planning, contract awards and management and other elements of infrastructure management.”

Government response

Government agrees that conditional grants can and should incentivise improved practices beyond the transfer of funds.

Each province has to develop an approved framework to implement the infrastructure delivery management system, and several provincial grants make funding provisions to capacitate infrastructure units.

In local government, an incentive grant to metropolitan municipalities encourages integration across infrastructure management. In addition, the review of local government infrastructure grants has introduced reforms to improve asset management practices under the municipal infrastructure grant.

But building capacity and improving infrastructure management practices takes time, and grants are just one way to achieve these goals. There are many other interventions that aim to strengthen institutions and enhance capacity across government, including the Office of the Chief Procurement Officer and the Municipal Infrastructure Support Agent.

Chapter 2: Economic growth effects of municipal capital spending

Improving economic growth effects of municipal capital expenditure

The FFC recommends that, “Grant allocations for infrastructure investment reflect the prioritisation (or weighting) of growth-enhancing infrastructure programmes, to enable municipalities to play their (envisaged critical) role in promoting economic development and growth.”

Government response

Conditional grants are primarily allocated to subsidise capital costs on behalf of the poor, who cannot afford to pay rates and tariffs. Economic infrastructure should largely be funded from own revenues through the use of cost-reflective tariffs and debt-financing.

Government does acknowledge the substantial growth-enhancing effects of infrastructure investments and has emphasised the importance of economic growth in recent reforms to urban grants and the **municipal infrastructure grant**. Government is also working with municipalities to increase their ability to access long-term financing so they can increase their own funding of infrastructure investments.

Long-term sustainability of infrastructure for local economic growth

The FFC recommends that “Government establishes either an incentive grant or a reserve fund for asset management, to ensure the long-term sustainability of critical socioeconomic infrastructure and enhance local economic growth.”

Government response

Government agrees that improved municipal asset management is necessary to continue the gains made in service delivery in recent years. The local government equitable share includes a 10 per cent maintenance allocation on behalf of indigent households, while all other consumers are expected to pay fully cost-reflective tariffs to cover the capital, operations, maintenance and depreciation costs of infrastructure. This means that additional maintenance funding would be double-funding. Government is therefore proposing to incentivise better prioritisation of existing maintenance funds.

Grants, however, are increasingly shifting towards investment in both new and existing infrastructure. A more appropriate mix of capital funding will help address the difficulties experienced in asset management and ensure the long-term sustainability of infrastructure.

Transitional capacity-building grant

The FFC recommends that government “establish a transitional capacity-building grant to fund technical assistance to enable municipalities to prepare and implement credible infrastructure asset management plans.”

Government response

Government agrees that technical assistance is often required to develop these plans and while there are municipalities that may need this support, many have already developed appropriate asset management strategies and should not be disincentivised. **The Municipal Infrastructure Support Agent, the Department of Cooperative Governance and the local government infrastructure grant review are developing changes to the 2016 municipal infrastructure grant framework that will promote better use of the technical assistance and project management funding available in the grant.**

Assistance need not be financial. Government has many initiatives to improve municipal asset management practices. For example, the Municipal Infrastructure Support Agent not only assigns engineers to municipalities to improve these systems, but it has also developed a municipal infrastructure performance management information system, rolled out the infrastructure delivery management system and will introduce a municipal standard chart of accounts from 1 July 2017.

Chapter 3: A review of direct and indirect conditional grants – the case of selected conditional grants

Management of direct and indirect grants

The FFC recommends that, “National Treasury and line departments consider the use of indirect grants as a measure of last resort while continuing to build capacity in provinces and municipalities.”

Government response

Government agrees that indirect grants are not always a sustainable or effective way of improving service delivery. They must be seen as a last resort and transitional in nature. In recent years, direct grant spending has proven to be higher than indirect grant spending in several cases, leading to a number of provincial and local government grants shifting from indirect to direct grants.

Criteria to guide scheduling of grants

The FFC recommends that, “Clear criteria that will guide scheduling of conditional grants should be developed and must take into account (a) the historical financial performance, (b) non-financial performance and (c) the time period before converting a direct grant to an indirect grant.”

Government response

Government agrees that criteria to guide the appropriate scheduling of conditional grants would be a useful tool. Historical performance and non-financial data would be needed to determine scheduling, while a time period for the conversion of a grant from direct to indirect would ensure stability. Government supports a differentiated approach, which has led to increasing splits in grants and shifts between direct and indirect grants in recent years. In collaboration with the FFC, government aims to develop clear guidelines on the appropriate scheduling of grants from inception.

Chapter 4: Accountability in infrastructure delivery – the case of the local government sphere

Accountability in local government infrastructure delivery

The FFC recommends that, “National Treasury and the Department of Cooperative Governance develop an accountability framework for indirect infrastructure grants to identify accountability lines, accountability mechanisms, accountability enforcement mechanisms, and spell out the consequences for undermining the accountability arrangements.”

Government response

Government welcomes this recommendation and is seeking to establish such a framework. Although clear guidance on budget preparation, allocation and evaluation for both direct and indirect grants exists, accountability lines are not as explicit for indirect grants as they are for direct grants. Ensuring that appropriate monitoring and evaluation systems and a legal framework to manage indirect grants are in place is a priority.

Chapter 5: Fiscal arrangements for financing early childhood development infrastructure

Capital subsidy for constructing and upgrading early childhood development facilities

The FFC recommends that, “Government provides a full or partial capital subsidy for constructing and/or upgrading community- and non-profit-organisation-based early childhood development facilities, through the **municipal infrastructure grant**. The funding will facilitate compliance with the required infrastructure norms and standards, ensure that capital expenditure for early childhood development is carried out through municipalities and minimise inequities in quality standards and service levels.”

Government response

The research and recommendations on this vital, complex sector are well received. However, the absence of clarity around the functional arrangements and the law regarding spending on non-state assets limits government's options in providing an effective capital subsidy for early childhood development facilities.

Government has indicatively allocated funds from 2017/18 for a new provincial conditional grant to support improved early childhood development services, including improved infrastructure. Government also supports the potential use of the community services component of the municipal infrastructure grant to fund the provision of facilities for early childhood development. Further work is needed to guide municipalities on how best to invest in early childhood development facilities.

Chapter 6: Public-sector productivity – the case of secondary education

Improving public-sector productivity

The FFC recommends that, “The Division of Revenue Act implements the finalised framework on measuring productivity. This may require the implementing agent of a conditional grant to report on the attainment of both quantitative and qualitative indicators of an output, including productivity indicators that track improvements of the service over time.”

Government response

Government agrees that improvements in productivity are necessary to deliver value for money and enhanced service delivery. Reporting requirements for conditional grants can be useful sources of information on productivity. Once a productivity framework, as proposed in another FFC recommendation, is finalised, government will review how it can best be applied to the Division of Revenue Act's clauses and grant frameworks.

Part 4: Provincial allocations

Sections 214 and 227 of the Constitution require that an equitable share of nationally raised revenue be allocated to provincial government to enable it to provide basic services and perform its allocated functions.

National transfers to provinces increase from R471.8 billion in 2015/16 to R499.8 billion in 2016/17. Over the MTEF period, provincial transfers will grow at an average annual rate of 6.9 per cent to R577.1 billion in 2018/19. Table W1.5 sets out the total transfers to provinces for 2016/17. A total of R410.7 billion is allocated to the provincial equitable share and R89.1 billion to conditional grants, which includes an unallocated R111.5 million for the *provincial disaster grant*.

Table W1.5 Total transfers to provinces, 2016/17

R million	Equitable share	Conditional grants	Total transfers
Eastern Cape	58 060	10 243	68 304
Free State	22 995	6 816	29 811
Gauteng	79 600	18 839	98 439
Kw aZulu-Natal	87 898	17 489	105 387
Limpopo	48 709	7 120	55 829
Mpumalanga	33 450	6 987	40 437
Northern Cape	10 863	3 751	14 614
North West	28 062	7 041	35 103
Western Cape	41 062	10 749	51 811
Unallocated	-	112	112
Total	410 699	89 146	499 844

Source: National Treasury

Changes to provincial allocations

The baseline reductions discussed in Chapter 5 of the *Budget Review* were shared across the three spheres of government in proportion to the division of revenue. A weaker-than-expected economic and fiscal environment has meant that the budget needs to be reprioritised to fund new and changing government priorities. In 2016/17, provincial baselines are reduced by R3.6 billion compared to indicative figures published in the 2015 *Medium Term Budget Policy Statement*. To protect basic services funded by the provincial equitable share, such as health and education, only 40 per cent (R1.5 billion) of this reduction was taken from the equitable share, despite its accounting for more than 80 per cent of transfers to provinces. The remaining 60 per cent (R2.1 billion) of this reduction comes from provincial conditional grants. Several grants funding essential services, such as the *national school nutrition programme grant*, the *land care grant*, and the *provincial roads maintenance grant*, were not reduced. In spite of these reductions to the baseline, the provincial equitable share grows at an average annual rate of 6.7 per cent over the MTEF period, while conditional grant allocations grow by 8.2 per cent per year. Where possible, baseline reductions have been weighted towards grants that have a history of underspending or grants involving infrastructure implementation that can be deferred, or that is still only in feasibility phase. The amount reduced on each grant is detailed in Table W1.6.

During the 2015 budget process, funds and functions under the National Health Laboratory Service (NHLS) were shifted to the national Department of Health. The Budget Council agreed to the shift provided that an audit is conducted after the first year to ensure that the change is revenue-neutral for provinces. The audit has revealed that this shift has not affected provincial revenue.

In addition to these baseline reductions, there were also several other reprioritisations and technical changes to conditional grants during the budget process that will be implemented over the 2016 MTEF period. These are shown in Table W1.6.

Table W1.6 Net changes to baseline provincial allocations, 2016/17 – 2018/19

R million	2016/17	2017/18	2018/19	2016 MTEF
Provincial equitable share	5 434	12 939	15 283	33 655
Provincial equitable share	5 434	12 939	15 283	33 655
Direct transfers	-1 849	3 023	4 917	6 091
Comprehensive agricultural support programme	-60	-70	-80	-210
Community library services	-10	-12	-15	-37
Education infrastructure	-160	2 450	2 582	4 872
Comprehensive HIV, Aids and TB	-176	220	1 580	1 624
Health facility revitalisation	-200	-47	-118	-365
Human papillomavirus vaccine	–	–	200	200
National health insurance	10	-80	-85	-155
Human settlements development	-1 600	–	–	-1 600
Substance abuse treatment	38	57	71	166
Early childhood development	–	320	493	813
Mass participation and sport development	-5	-10	-12	-27
Provincial roads maintenance	65	-54	101	111
Public transport operations	250	250	200	700
Indirect transfers	40	-2 304	-2 432	-4 696
National health insurance indirect	40	316	340	696
School infrastructure	–	-2 620	-2 772	-5 392
Total changes to provincial allocations				
Changes to provincial equitable share	5 434	12 939	15 283	33 655
Changes to direct conditional grants	-1 849	3 023	4 917	6 091
Changes to indirect conditional grants	40	-2 304	-2 432	-4 696
Net change to provincial allocations	3 626	13 658	17 767	35 051

Source: National Treasury

During the MTEF period, two education grants will merge into one grant to improve performance. The *school infrastructure backlogs grant* is absorbed into the *education infrastructure grant* from 2017/18, but the *school infrastructure backlogs grant* remains unallocated in these two years to allow for a proper conclusion of backlog projects. These projects will be reviewed in 2016 to ensure that all Accelerated Schools Infrastructure Development Initiative backlog projects have been added to the merged grant. As a result, the full value of the *school infrastructure backlogs grant* (R2.6 billion in 2017/18 and R2.8 billion in 2018/19) is added to the *education infrastructure grant* in the outer years of the MTEF period. The coverage of the *comprehensive HIV and Aids grant*, one of the largest in the system, will be extended to include tuberculosis intervention. Although the grant's baseline is reduced by 1.1 per cent in 2016/17, this will not adversely affect service delivery. The grant does, however, benefit from an injection of R1.6 billion in 2018/19.

Over the 2016 MTEF period, the provincial equitable share increases by R33.7 billion. After accounting for additions and reductions, the net revisions to the provincial direct and indirect allocations amount to an addition of R3.6 billion in 2016/17 and R13.7 billion in 2017/18.

The provincial equitable share

The equitable share is the main source of revenue for meeting provincial expenditure responsibilities. To ensure that allocations are fair, the equitable share is allocated through a formula using objective data on the context and demand for services in each of the nine provinces.

This brings the equitable share allocations to R411 billion, R442 billion and R469 billion respectively for each year of the 2016 MTEF period. These revisions result in the provincial equitable share increasing by 14.3 per cent between 2015/16 and 2017/18, and growing at an average annual rate of 6.7 per cent over the MTEF period.

Allocations calculated outside the equitable share formula

The equitable share includes an amount of R2.3 billion in 2016/17 that was previously part of the *devolution of property rate funds grant*. This grant, which funded provinces' municipal charges on provincial properties that were previously administered by national government, has been transferred as part of the provincial equitable share since 2013/14. These funds will be fully phased-in during 2016/17 and will be allocated using the provincial equitable share formula.

Over the 2016 MTEF period, funds from the provincial equitable share will be used to extend the human papillomavirus component of the *national health insurance indirect grant* and ensure the programme continues.

The equitable share formula

The provincial equitable share formula is reviewed and updated with new data annually. For the 2016 MTEF, the formula has been updated with data from the 2015 mid-year population estimates published by Statistics South Africa; the Department of Basic Education's preliminary 2015 data on school enrolment; data from the 2014 General Household Survey for medical aid coverage; and data from the health sector and the Risk Equalisation Fund for the risk-adjusted capitation index. Because the formula is largely population-driven, the allocations capture shifts in population across provinces, which results in changes in the relative demand for public services across these areas. The effect of these updates on the provincial equitable share is phased in over three years (2016/17 to 2018/19).

Full impact of data updates on the provincial equitable share

Table W1.7 shows the full impact of the data updates on the provincial equitable share per province. It compares the target shares for the 2015 and 2016 MTEF periods. The details of how the data updates affect each component of the formula are described in detail in the subsections below.

Table W1.7 Full impact of data updates on the equitable share

	2015 MTEF weighted average	2016 MTEF weighted average	Difference
Eastern Cape	14.0%	14.0%	0.00%
Free State	5.6%	5.6%	-0.05%
Gauteng	19.5%	19.7%	0.14%
KwaZulu-Natal	21.3%	21.2%	-0.06%
Limpopo	11.8%	11.8%	0.00%
Mpumalanga	8.2%	8.2%	0.02%
Northern Cape	2.7%	2.6%	-0.00%
North West	6.9%	6.9%	-0.00%
Western Cape	10.1%	10.0%	-0.04%
Total	100.0%	100.0%	0.00%

Source: National Treasury

Phasing in the formula

Official data used annually to update the provincial equitable share formula invariably affects each provinces' share of available funds. However, it is important that provinces have some stability in their revenue stream to allow for sound planning. As such, calculated new shares, informed by most recent data, are phased in over the three-year MTEF period.

The equitable share formula data is updated every year and a new target share for each province is calculated, as shown in Table W1.8. The phase-in mechanism provides a smooth path to achieving these new weighted shares by the third year of the MTEF period. It takes the difference between the target weighted share for each province at the end of the MTEF period and the indicative allocation for 2016/17 that was published in the 2015 MTEF, and closes the gap between these shares by a third in each year of

the 2016 MTEF period. As a result, one-third of the data updates are implemented in 2016/17, two-thirds in the indicative allocations for 2016/17, and the updates are fully implemented in the indicative allocations for 2018/19.

Table W1.8 Implementation of the equitable share weights,

2016/17 – 2018/19				
Percentage	2016/17	2016/17	2017/18	2018/19
	Indicative weighted shares from 2015 MTEF	2016 MTEF weighted shares 3-year phasing		
Eastern Cape	14.1%	14.1%	14.1%	14.0%
Free State	5.6%	5.6%	5.6%	5.6%
Gauteng	19.4%	19.5%	19.6%	19.7%
KwaZulu-Natal	21.3%	21.3%	21.2%	21.2%
Limpopo	11.8%	11.8%	11.8%	11.8%
Mpumalanga	8.2%	8.2%	8.2%	8.2%
Northern Cape	2.7%	2.7%	2.7%	2.6%
North West	6.9%	6.9%	6.9%	6.9%
Western Cape	10.0%	10.0%	10.0%	10.0%
Total	100.0%	100.0%	100.0%	100.0%

Source: National Treasury

Provision for cushioning the impact of 2011 Census data updates and baseline reductions

The provincial equitable share formula was updated with 2011 Census data in 2013/14. The incorporation of new Census data for the first time in a decade resulted in significant changes to certain components of the formula. To give provinces time to adjust to their new allocations, the Census updates were phased in over three years and R4.2 billion was added as a “top-up” for provinces with declining shares over the 2013 MTEF period. This cushioning, which was due to come to an end in 2015/16, was extended for an additional year to 2016/17.

The same provinces that required support for the Census reductions will experience the slowest growth in their allocations due to the baseline reductions. As a result, provinces agreed that R2.1 billion should be taken out of the equitable share as a whole (from all nine provinces) and allocated to the four affected provinces as cushioning for 2016/17. Table W1.9 shows how these funds are allocated to the Eastern Cape, the Free State, KwaZulu-Natal and Limpopo in 2016/17.

Table W1.9 Cushioning for 2011 Census impact on provinces with declining shares in the 2016 MTEF

	2016/17	2017/18	2018/19
R thousand	Medium-term estimates		
Eastern Cape	685 628	–	–
Free State	171 261	–	–
Gauteng	–	–	–
KwaZulu-Natal	773 075	–	–
Limpopo	487 036	–	–
Mpumalanga	–	–	–
Northern Cape	–	–	–
North West	–	–	–
Western Cape	–	–	–
Total	2 117 000	–	–

Source: National Treasury

Provincial equitable share allocations

The final equitable share allocations per province for the 2016 MTEF are detailed in Table W1.10. These allocations include the full impact of the data updates, phased in over three years, as well as the cushioning amounts for 2016/17 described above.

Table W1.10 Provincial equitable share, 2016/17 – 2018/19

	2016/17	2017/18	2018/19
R million			
Eastern Cape	58 060	61 969	65 845
Free State	22 995	24 591	26 135
Gauteng	79 600	86 412	92 200
KwaZulu-Natal	87 898	94 051	99 450
Limpopo	48 709	52 087	55 176
Mpumalanga	33 450	36 208	38 506
Northern Cape	10 863	11 733	12 422
North West	28 062	30 361	32 311
Western Cape	41 062	44 418	47 008
Total	410 699	441 831	469 051

Source: National Treasury

Summary of the formula's structure

The formula, shown in Table W1.11 below, consists of six components that capture the relative demand for services between provinces and take into account specific provincial circumstances. The formula's components are neither indicative budgets nor guidelines as to how much should be spent on functions in each province or by provinces collectively. Rather, the education and health components are weighted broadly in line with historical expenditure patterns to indicate relative need. Provincial executive councils have discretion regarding the determination of departmental allocations for each function, taking into account the priorities that underpin the division of revenue.

For the 2016 Budget, the formula components are set out as follows:

- An *education component* (48 per cent), based on the size of the school-age population (ages 5 to 17) and the number of learners (Grades R to 12) enrolled in public ordinary schools.
- A *health component* (27 per cent), based on each province's risk profile and health system case load.
- A *basic component* (16 per cent), derived from each province's share of the national population.
- An *institutional component* (5 per cent), divided equally between the provinces.
- A *poverty component* (3 per cent), based on income data. This component reinforces the redistributive bias of the formula.
- An *economic output component* (1 per cent), based on regional gross domestic product (GDP-R, measured by Statistics South Africa).

Table W1.11 Distributing the equitable shares by province, 2016 MTEF

	Education	Health	Basic share	Poverty	Economic activity	Institutional	Weighted average
	48.0%	27%	16%	3%	1%	5%	100%
Eastern Cape	15.1%	13.5%	12.6%	16.2%	7.7%	11.1%	14.0%
Free State	5.3%	5.3%	5.1%	5.3%	5.1%	11.1%	5.6%
Gauteng	17.8%	21.7%	24.0%	17.2%	33.8%	11.1%	19.7%
KwaZulu-Natal	22.4%	21.8%	19.9%	22.3%	16.0%	11.1%	21.2%
Limpopo	13.1%	10.3%	10.4%	13.6%	7.3%	11.1%	11.8%
Mpumalanga	8.5%	7.4%	7.8%	9.1%	7.6%	11.1%	8.2%
Northern Cape	2.3%	2.1%	2.2%	2.2%	2.0%	11.1%	2.6%
North West	6.5%	6.7%	6.7%	8.0%	6.8%	11.1%	6.9%
Western Cape	9.0%	11.1%	11.3%	6.1%	13.7%	11.1%	10.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: National Treasury

Education component (48 per cent)

The education component uses the school-age population (5 to 17 years), based on the 2011 Census, and enrolment data drawn from the Department of Basic Education's 2015 School Realities Survey. Each of these elements is assigned a weight of 50 per cent.

Table W1.12 shows the effect of updating the education component with new enrolment data on the education component share.

Table W1.12 Impact of changes in school enrolment on the education component share

	Age cohort 5 – 17	School enrolment		Changes in enrolment	Weighted average		Difference in weighted average
		2014	2015		2015 MTEF	2016 MTEF	
Eastern Cape	1 856 317	1 916 285	1 948 855	32 570	15.1%	15.1%	-0.00%
Free State	657 489	671 139	681 310	10 171	5.3%	5.3%	-0.00%
Gauteng	2 231 793	2 178 282	2 247 389	69 107	17.7%	17.8%	0.13%
KwaZulu-Natal	2 758 594	2 865 984	2 875 074	9 090	22.5%	22.4%	-0.16%
Limpopo	1 536 294	1 719 134	1 752 451	33 317	13.0%	13.1%	0.01%
Mpumalanga	1 053 846	1 055 243	1 077 372	22 129	8.5%	8.5%	0.02%
Northern Cape	288 839	287 904	289 233	1 329	2.3%	2.3%	-0.01%
North West	824 724	798 894	813 161	14 267	6.5%	6.5%	0.00%
Western Cape	1 174 625	1 074 161	1 094 752	20 591	9.0%	9.0%	0.01%
Total	12 382 521	12 567 026	12 779 597	212 571	100.0%	100.0%	–

Source: National Treasury

Health component (27 per cent)

The health component uses a risk-adjusted capitation index and output data from public hospitals to estimate each province's share of the health component. These methods work together to balance needs (risk-adjusted capitation) and demands (output component).

The health component is presented in three parts below. Table W1.13 shows the shares of the risk-adjusted component, which accounts for 75 per cent of the health component.

Table W1.13 Risk-adjusted sub-component shares

	Mid-year population estimates	Insured population	Risk- adjusted index	Weighted population	Risk-adjusted shares		Change
Thousand	2015	2014			2015	2016	
Eastern Cape	6 916	10.5%	96.9%	5 993	13.4%	13.3%	-0.05%
Free State	2 818	17.9%	103.3%	2 388	5.4%	5.3%	-0.11%
Gauteng	13 200	28.2%	105.4%	9 994	21.9%	22.2%	0.34%
KwaZulu-Natal	10 919	12.9%	98.9%	9 410	20.8%	20.9%	0.07%
Limpopo	5 727	8.6%	91.6%	4 795	10.7%	10.7%	-0.01%
Mpumalanga	4 284	14.9%	95.7%	3 487	7.8%	7.7%	-0.01%
Northern Cape	1 186	19.8%	100.7%	957	2.1%	2.1%	-0.00%
North West	3 707	14.8%	102.2%	3 228	7.2%	7.2%	-0.03%
Western Cape	6 200	26.3%	104.0%	4 752	10.7%	10.6%	-0.18%
Total	54 957			45 004	100.0%	100.0%	–

Source: National Treasury

The risk-adjusted sub-component estimates a weighted population in each province using the risk-adjusted capitation index, which is calculated using data from the Council for Medical Schemes' Risk Equalisation Fund. The percentage of the population with medical aid insurance, based on the 2014 General Household Survey, is deducted from the 2015 mid-year population estimates to estimate the uninsured population per province. The risk-adjusted index, which is an index of each province's health risk profile, is applied to the uninsured population to estimate the weighted population. Each province's share of this weighted population is used to estimate their share of the risk-adjusted sub-component. Table W1.13 shows the change in this sub-component between 2015 and 2016.

The output sub-component is shown in Table W1.14 below.

Table W1.14 Output sub-component shares¹

Thousand	Primary healthcare visits				Hospital workload patient-day equivalents			
	2013/14	2014/15	Average	Share	2013/14	2014/15	Average	Share
Eastern Cape	17 379	17 907	17 643	13.7%	4 572	4 637	4 605	14.2%
Free State	6 894	6 792	6 843	5.3%	1 750	1 706	1 728	5.3%
Gauteng	23 647	23 743	23 695	18.3%	6 722	6 701	6 711	20.7%
KwaZulu-Natal	31 885	31 233	31 559	24.4%	8 043	7 911	7 977	24.6%
Limpopo	14 256	14 343	14 300	11.1%	2 922	2 883	2 902	8.9%
Mpumalanga	9 144	9 483	9 313	7.2%	1 931	1 963	1 947	6.0%
Northern Cape	3 421	3 308	3 365	2.6%	526	595	561	1.7%
North West	8 047	8 364	8 206	6.4%	1 674	1 721	1 697	5.2%
Western Cape	14 308	14 257	14 282	11.1%	4 283	4 341	4 312	13.3%
Total	128 981	129 430	129 206	100.0%	32 424	32 457	32 440	100.0%

1. Some provincial numbers for patient-days and healthcare visits for 2013/14 have been restated, resulting in small variances from numbers published in 2015

Source: National Treasury

The output sub-component uses patient load data from the District Health Information Services. The average number of visits at primary healthcare clinics in 2013/14 and 2014/15 is calculated to estimate each province's share of this part of the output component, which makes up 5 per cent of the health component. For hospitals, each province's share of the total patient-day equivalents from public hospitals in 2013/14 and 2014/15 is used to estimate their share of this part of the output sub-component, making up 20 per cent of the health component. In total, the output component is 25 per cent of the health component.

Table W1.15 shows the updated health component shares for the 2016 MTEF period.

Table W1.15 Health component weighted shares

Weight	Risk-adjusted	Primary healthcare	Hospital component	Weighted shares		Change
	75.0%	5.0%	20.0%	2015	2016	
Eastern Cape	13.3%	13.7%	14.2%	13.5%	13.5%	-0.02%
Free State	5.3%	5.3%	5.3%	5.4%	5.3%	-0.14%
Gauteng	22.2%	18.3%	20.7%	21.4%	21.7%	0.26%
Kw aZulu-Natal	20.9%	24.4%	24.6%	21.8%	21.8%	-0.03%
Limpopo	10.7%	11.1%	8.9%	10.4%	10.3%	-0.03%
Mpumalanga	7.7%	7.2%	6.0%	7.3%	7.4%	0.03%
Northern Cape	2.1%	2.6%	1.7%	2.1%	2.1%	0.02%
North West	7.2%	6.4%	5.2%	6.7%	6.7%	0.02%
Western Cape	10.6%	11.1%	13.3%	11.3%	11.1%	-0.12%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	–

Source: National Treasury

Basic component (16 per cent)

The basic component is derived from the proportion of each province's share of the national population. This component constitutes 16 per cent of the total equitable share. For the 2016 MTEF, population data is drawn from the 2015 mid-year population estimates produced by Statistics South Africa. Table W1.16 shows the impact on the basic component's revised weighted shares.

Table W1.16 Impact of the changes in population on the basic component shares

Thousand	Mid-year population estimates	Mid-year population estimates	Population change	% population change	Basic component shares		Change
	2014	2015			2015 MTEF	2016 MTEF	
Eastern Cape	6 787	6 916	129	1.9%	12.6%	12.6%	0.02%
Free State	2 787	2 818	31	1.1%	5.2%	5.1%	-0.03%
Gauteng	12 915	13 200	286	2.2%	23.9%	24.0%	0.10%
KwaZulu-Natal	10 694	10 919	225	2.1%	19.8%	19.9%	0.06%
Limpopo	5 631	5 727	96	1.7%	10.4%	10.4%	-0.01%
Mpumalanga	4 229	4 284	55	1.3%	7.8%	7.8%	-0.04%
Northern Cape	1 167	1 186	19	1.6%	2.2%	2.2%	-0.00%
North West	3 676	3 707	31	0.8%	6.8%	6.7%	-0.06%
Western Cape	6 116	6 200	84	1.4%	11.3%	11.3%	-0.04%
Total	54 002	54 957	955	1.8%	100.0%	100.0%	–

Source: National Treasury

Institutional component (5 per cent)

The institutional component recognises that some costs associated with running a provincial government and providing services are not directly related to the size of a province's population or the other factors included in other components. It is therefore distributed equally between provinces, constituting 5 per cent of the total equitable share, of which each province receives 11.1 per cent. This benefits provinces with smaller populations, especially the Northern Cape, the Free State and the North West, because the allocation per person for these provinces is much higher in this component.

Poverty component (3 per cent)

The poverty component introduces a redistributive element to the formula and is assigned a weight of 3 per cent. The poor population includes people who fall in the lowest 40 per cent of household incomes in

the 2010/11 Income and Expenditure Survey. The estimated size of the poor population in each province is calculated by multiplying the proportion in that province that fall into the poorest 40 per cent of South African households by the province's population figure from the 2015 mid-year population estimates. Table W1.17 shows the proportion of the poor in each province from the Income and Expenditure Survey, the 2015 mid-year population estimates and the weighted share of the poverty component per province.

Table W1.17 Comparison of current and new poverty component weighted shares

	Income and Expendi- ture Survey 2010/11	Current (2015 MTEF)			New (2016 MTEF)			Difference in weighted shares
Thousand		Mid-year population estimates 2014	Poor popula- tion	Weighted shares	Mid-year population estimates 2015	Poor popula- tion	Weighted shares	
Eastern Cape	52.0%	6 787	3 531	16.2%	6 916	3 599	16.2%	0.0%
Free State	41.4%	2 787	1 154	5.3%	2 818	1 167	5.3%	-0.0%
Gauteng	28.9%	12 915	3 728	17.1%	13 200	3 811	17.2%	0.1%
Kw aZulu-Natal	45.3%	10 694	4 845	22.2%	10 919	4 947	22.3%	0.1%
Limpopo	52.9%	5 631	2 976	13.6%	5 727	3 027	13.6%	-0.0%
Mpumalanga	47.3%	4 229	1 998	9.2%	4 284	2 024	9.1%	-0.0%
Northern Cape	40.8%	1 167	476	2.2%	1 186	483	2.2%	-0.0%
North West	47.9%	3 676	1 761	8.1%	3 707	1 775	8.0%	-0.1%
Western Cape	21.9%	6 116	1 337	6.1%	6 200	1 356	6.1%	-0.0%
Total		54 002	21 807	100%	54 957	22 189	100.0%	–

Source: National Treasury

Economic activity component (1 per cent)

The economic activity component is a proxy for provincial tax capacity and expenditure assignments. Given that these assignments are a relatively small proportion of provincial budgets, the component is assigned a weight of 1 per cent. For the 2016 MTEF, 2014 GDP-R data is used. Table W1.18 shows the weighted shares of the economic activity component.

Table W1.18 Current and new economic activity component weighted shares

	Current (2015 MTEF)		New (2016 MTEF)		Difference in weighted shares
	GDP-R, 2012 (R million)	Weighted shares	GDP-R, 2013 (R million)	Weighted shares	
Eastern Cape	234 536	7.5%	272 714	7.7%	0.24%
Free State	162 601	5.2%	179 776	5.1%	-0.09%
Gauteng	1 089 535	34.7%	1 194 144	33.8%	-0.92%
KwaZulu-Natal	496 431	15.8%	565 226	16.0%	0.18%
Limpopo	223 090	7.1%	256 896	7.3%	0.16%
Mpumalanga	222 149	7.1%	269 863	7.6%	0.56%
Northern Cape	70 203	2.2%	71 142	2.0%	-0.22%
North West	201 736	6.4%	239 020	6.8%	0.34%
Western Cape	438 700	14.0%	485 545	13.7%	-0.24%
Total	3 138 981	100.0%	3 534 326	100.0%	–

Source: National Treasury

Conditional grants to provinces

There are four types of provincial conditional grants:

- Schedule 4A sets out general grants that supplement various programmes partly funded by provinces.
- Schedule 5A grants fund specific responsibilities and programmes implemented by provinces.
- Schedule 6A grants provide in-kind allocations through which a national department implements projects in provinces.
- Schedule 7A grants provide for the swift allocation and transfer of funds to a province to help it deal with a disaster.

Changes to conditional grants

Despite the baseline reductions, overall growth in direct conditional transfers to provinces is strong, averaging 8.2 per cent over the MTEF period. Direct conditional grant baselines total R89.1 billion in 2016/17, R100.5 billion in 2017/18 and R108.1 billion in 2018/19. Indirect conditional grants amount to R3.6 billion, R1.7 billion and R1.8 billion respectively for each year of the same period.

Table W1.19 provides a summary of conditional grants by sector for the 2016 MTEF period. More detailed information, including the framework and allocation criteria for each grant, is provided in Annexure W2 of the 2016 Division of Revenue Bill. The frameworks provide the conditions for each grant, the outputs expected, the allocation criteria used for dividing each grant between provinces, and a summary of the grant's audited outcomes for 2014/15.

Table W1.19 Conditional grants to provinces, 2015/16 – 2018/19

R million	2015/16	2016/17	2017/18	2018/19	MTEF total
Agriculture, Forestry and Fisheries	2 171	2 202	2 334	2 464	7 001
Comprehensive agricultural support programme	1 640	1 642	1 739	1 834	5 214
Ilima/Letsema projects	467	491	522	552	1 566
Land care programme: poverty relief and infrastructure development	65	69	74	78	221
Arts and Culture	1 274	1 357	1 441	1 522	4 320
Community library services	1 274	1 357	1 441	1 522	4 320
Basic Education	15 632	16 213	19 717	20 851	56 781
Education infrastructure	9 354	9 614	12 780	13 512	35 906
HIV and Aids (life skills education)	209	231	245	260	736
Maths, science and technology	317	362	385	407	1 155
National school nutrition programme	5 685	6 006	6 306	6 672	18 984
Occupational-specific dispensation for education sector therapists	66	–	–	–	–
Cooperative Governance and Traditional Affairs	103	112	123	131	366
Provincial disaster	103	112	123	131	366
Health	31 905	33 972	37 588	41 247	112 808
Comprehensive HIV and Aids	13 671	15 291	17 660	20 032	52 983
Health facility revitalisation	5 417	5 273	5 770	6 036	17 079
Health professions training and development	2 375	2 477	2 632	2 784	7 893
Human papillomavirus vaccine	–	–	–	200	200
National tertiary services	10 381	10 847	11 526	12 195	34 568
National health insurance	61	85	–	–	85
Human Settlements	18 303	18 284	21 060	22 282	61 626
Human settlements development	18 303	18 284	21 060	22 282	61 626
Public Works	552	762	809	856	2 427
Expanded public works programme integrated grant for provinces	326	402	424	448	1 274
Social sector expanded public works programme incentive for provinces	226	360	386	408	1 153
Social Development	48	86	377	564	1 026
Substance abuse treatment	48	86	57	71	213
Early childhood development	–	–	320	493	813
Sport and Recreation South Africa	533	556	586	618	1 760
Mass participation and sport development	533	556	586	618	1 760
Transport	14 747	15 603	16 477	17 526	49 605
Provincial roads maintenance	9 807	10 203	10 754	11 536	32 492
Public transport operations	4 939	5 400	5 723	5 990	17 113
Total direct conditional allocations	85 268	89 146	100 513	108 061	297 720
Indirect transfers	3 150	3 636	1 663	1 765	7 064
Basic Education	2 047	2 375	–	–	2 375
School infrastructure backlogs	2 047	2 375	–	–	2 375
Health	1 103	1 261	1 663	1 765	4 689
National health insurance indirect	1 103	1 261	1 663	1 765	4 689

Source: National Treasury

Agriculture grants

The *comprehensive agricultural support programme* is a grant for newly established and emerging farmers, particularly subsistence, smallholder and previously disadvantaged farmers. The grant supports production of both livestock and crops. It also aims to expand farm infrastructure and provide support for dipping, fencing and rehabilitating viable irrigation schemes. The grant's 2016/17 allocations include

R76.7 million to repair flood-damaged agricultural infrastructure. The baseline reduction in 2016/17 is R60 million. The grant is allocated R5.2 billion over the medium term.

The *land care programme grant: poverty relief and infrastructure development* aims to improve productivity and the sustainable use of natural resources. Provinces are also encouraged to use this grant to create jobs through the Expanded Public Works Programme. Over the medium term, R220.7 million is allocated to this grant.

The *Ilima/Letsema projects grant* aims to boost food production by helping previously disadvantaged farming communities. The Department of Agriculture, Forestry and Fisheries is still testing the new approach, following which it will subject the grant to the standard operating procedure for farmer support. The grant's baseline is protected, with a R491.4 million allocation for 2016/17. It is allocated R1.6 billion over the MTEF period.

Arts and culture grant

The *community library services grant*, administered by the Department of Arts and Culture, aims to help South Africans access knowledge and information to improve their socioeconomic situation. The grant is allocated to the relevant provincial department and administered by that department or through a service-level agreement with municipalities. In collaboration with provincial departments of basic education, the grant also funds libraries that serve both schools and the general public. Funds from this grant may also be used to shift the libraries function between provinces and municipalities. The baseline reduction on this grant in 2016/17 is R10 million. The grant is allocated R4.3 billion over the next three years.

Basic education grants

Provinces use the *education infrastructure grant* to construct, maintain and refurbish education infrastructure and schools. The baseline reduction on this grant in 2016/17 is R160 million. The reduction to the baseline over the MTEF amounts to R520 million. The grant totals R35.9 billion over the MTEF period, which includes a ring-fenced amount of R112.9 million in 2016/17 to repair school infrastructure damaged by natural disasters.

The *school infrastructure backlogs grant* is an indirect grant to provinces that was introduced in 2011 as a temporary, high-impact grant. The Department of Basic Education uses this grant to build and upgrade schools on behalf of provinces to address inappropriate structures and access to basic services. To address the grant's disappointing performance, it will be merged with the *education infrastructure grant* from 2017/18. However, the baseline allocation under this grant will remain unallocated in 2017/18 and 2018/19, subject to a review of pipeline projects in 2016. In 2016/17, the last year of its current form, the grant is allocated R2.4 billion. The baseline of the *education infrastructure grant* is R9.6 billion in 2016/17, R12.8 billion in 2017/18 and R13.5 billion in 2018/19. Over the MTEF period, R3.6 billion in 2017/18 and R3.8 billion in 2018/19 will remain unallocated.

Infrastructure grant reforms to improve planning were introduced in 2013 after a decade of provincial capacity building through the Infrastructure Delivery Improvement Programme. Under the requirements introduced in the 2013 Division of Revenue Act, provincial education departments had to go through a two-year planning process to be eligible to receive incentive allocations in 2016/17. The departments had to meet certain prerequisites in 2014/15 and have their infrastructure plans approved in 2015/16. The Department of Basic Education and the National Treasury assessed the provinces' infrastructure plans. A moderation process was undertaken between the national department, provincial treasuries and provincial departments of basic education to agree on the final scores. From 2015/16, provinces needed to obtain a minimum score of 60 per cent to qualify for the incentive. Table W1.20 shows the final score and incentive allocation for each province.

Table W1.20 Education infrastructure grant allocations

R thousand	Planning assessment results from 2015	2016/17			Final allocation for 2016/17
		Basic component	Incentive component	Disaster recovery funds	
Eastern Cape	62%	1 443 538	–	61 550	1 505 088
Free State	54%	695 122	–	–	695 122
Gauteng	64%	1 252 428	133 309	–	1 385 737
KwaZulu-Natal	64%	1 825 012	133 309	–	1 958 321
Limpopo	46%	830 532	–	–	830 532
Mpumalanga	27%	788 153	–	–	788 153
Northern Cape	69%	353 229	133 309	–	486 538
North West	60%	787 249	133 309	51 431	971 989
Western Cape	78%	858 903	133 309	–	992 212
Total		8 834 165	666 546	112 981	9 613 692

Source: National Treasury

The *national school nutrition programme grant* seeks to improve the nutrition of poor school children, enhance active learning capacity and increase school attendance. It provides a free daily meal to pupils in the poorest 60 per cent of schools (quintile 1 to 3). In a handful of provinces, the shift from provincial quintile classification to the national quintile system meant a number of schools that were previously benefiting from the programme could no longer benefit, although the need remained. This gap has now been rectified, without diluting the benefits of the programme. The grant is allocated R19 billion over the MTEF period. The baseline has not been reduced.

The *maths, science and technology grant*, a grant that resulted from the merging of the *Dinaledi schools grant* and the *technical secondary schools recapitalisation grant*, is providing targeted interventions to improve outcomes in maths and science learning, and grant administration has been streamlined. The baseline is maintained at R1.2 billion over the MTEF period.

The *HIV and Aids (life skills education) programme grant* provides for life skills training and sexuality and HIV/AIDS education in primary and secondary schools. It is fully integrated into the school system, with learner and teacher support materials provided for Grades 1 to 9. The grant's baseline is preserved and allocated R735.7 million over the MTEF period.

The *occupational-specific dispensation for education sector therapists grant* provided funds for provinces to implement the occupation-specific dispensation agreement for therapists, counsellors and psychologists in the education sector. The grant was allocated for two years (2014/15 and 2015/16) while back-pay was funded and new remuneration levels were normalised. The grant no longer exists.

Cooperative governance grant

The *provincial disaster grant* is administered by the National Disaster Management Centre in the Department of Cooperative Governance and is unallocated at the start of the financial year. The grant allows for an immediate (in-year) release of funds to be disbursed by the National Disaster Management Centre after a disaster is declared, without the need for the transfers to be gazetted first. The reconstruction of infrastructure damaged by disasters is funded separately through ring-fenced allocations in sector grants.

The grant has partly funded mitigation strategies to address the ongoing drought. Since the effects of the drought are likely to persist into 2016/17, the grant's baseline is preserved, with an allocation of R365.6 million over the MTEF period. To ensure that sufficient funds are available in the event of a disaster, section 26 of the 2016 Division of Revenue Bill allows for funds allocated to the *municipal disaster grant* to be transferred to provinces if funds in the *provincial disaster grant* have already been exhausted, and vice versa. The bill also allows for more than one transfer to be made to areas affected by disasters so that an initial payment for emergency aid can be made before a full assessment of damages and costs has been completed.

Health grants

The *national tertiary services grant* provides strategic funding to enable provinces to plan, modernise and transform tertiary hospital service delivery in line with national policy objectives. The grant operates in 33 hospitals across the nine provinces. The urban areas of Gauteng and the Western Cape receive the largest shares of the grant because they provide the largest proportion of high-level, sophisticated services for the benefit of the country's health sector. In light of previous baseline reductions, coupled with the pressures that tertiary services face, this grant's baseline is preserved over the 2016 MTEF period. The grant is allocated R35 billion over the medium term.

The *health facility revitalisation grant* funds the construction and maintenance of health infrastructure. It was created in 2013/14 through the merger of three previous grants. The grant funds a wide range of health infrastructure projects, including large projects to modernise hospital infrastructure and equipment, general maintenance and infrastructure projects at smaller hospitals, and the refurbishment and upgrading of nursing colleges and schools. This grant's baseline is reduced by R200 million in 2016/17, and R365 million over the 2016 MTEF period. A total of R17 million has been ring-fenced to repair clinics damaged by natural disasters.

Similar to the reforms to the *education infrastructure grant* discussed above, a two-year planning process is now required for provinces to access this grant. The national Department of Health and the National Treasury conducted an assessment of the provinces' infrastructure plans, followed by a moderation process between the national department, provincial treasuries and provincial departments of health to agree on the final scores. Provinces had to obtain a minimum score of 60 per cent to qualify for the incentive. Table W1.21 sets out the final score and the incentive allocation per province.

Table W1.21 Health facility revitalisation grant allocations

R thousand	Planning assessment results from 2015	2016/17			Final allocation for 2016/17
		Basic component	Incentive component	Disaster recovery funds	
Eastern Cape	64%	509 587	109 454	-	619 041
Free State	52%	474 692	-	-	474 692
Gauteng	63%	668 364	109 454	-	777 818
KwaZulu-Natal	67%	1 005 239	109 454	-	1 114 693
Limpopo	43%	379 089	-	-	379 089
Mpumalanga	31%	281 174	-	-	281 174
Northern Cape	61%	362 813	109 454	-	472 267
North West	56%	480 434	-	-	480 434
Western Cape	84%	564 018	109 454	-	673 472
Total		4 725 412	547 268	-	5 272 680

Source: National Treasury

The *health professions training and development grant* funds the training of health professionals, and the development and recruitment of medical specialists. It enables the shifting of teaching activities from central to regional and district hospitals. The grant's baseline is protected over the 2016 MTEF period. It is allocated R7.9 billion over the medium term.

The *comprehensive HIV, Aids and TB grant* supports HIV/AIDS prevention programmes and specific interventions, including voluntary counselling and testing, prevention of mother-to-child transmission, post-exposure prophylaxis, antiretroviral treatment and home-based care. Over the 2016 MTEF period, the scope of the grant will be extended to include tuberculosis (the grant was previously called the *comprehensive HIV and Aids grant*). In 2016/17, this grant is reduced by R176 million, partly due to effective programme delivery and fewer-than-budgeted patients added to the antiretroviral therapy treatment programme. However, to cater for the grant's extended scope and additional priorities, R1.6 billion is added in 2018/19.

The *national health insurance grant* funds the national health insurance pilots introduced in 2012/13, which aim to strengthen primary healthcare for the implementation of national health insurance. Ten districts were selected as pilot sites to test interventions that aim to strengthen health systems and improve performance. However, this grant has performed poorly, with little evidence of impact. As such, 2016/17 is the final year for this grant, after which a close-out report will review the reasons for its conclusion. In 2016/17, the baseline allocation for this grant is R85 million. However, the vision that underpinned this grant will continue through the *national health insurance indirect grant*. This grant will use targeted programmes to prepare the health sector for the rollout of national health insurance.

The *national health insurance indirect grant*, introduced in 2013/14, is spent by the Department of Health on behalf of provinces. The grant has five components, which target national health insurance scheme pilot sites in preparation for the eventual rollout of national health insurance in the country. The components of the grant are: health facility revitalisation, health professionals contracting, human papillomavirus vaccine, ideal clinics, and information systems (this component will come into effect in 2017/18).

Under this grant, the health facility revitalisation component will be used to accelerate construction, maintenance, upgrades and rehabilitation for new and existing health infrastructure, while the health professionals contracting component will pilot the contracting of general practitioners from the private sector for national health insurance sites. It will also support hospitals to strengthen their patient information systems and develop and pilot alternative hospital reimbursement tools. The human papillomavirus vaccine component is allocated for three additional years, and will be used to support provincial health departments with the vaccine's rollout. In the last year of the 2016 MTEF period, this component will become a direct grant to provinces. The *national health insurance indirect grant* is allocated R4.7 billion over the MTEF period.

Human settlements grant

The *human settlements development grant* seeks to establish habitable, stable and sustainable human settlements in which all citizens have access to social and economic amenities. This grant is allocated using a formula with three components:

- The first component shares 70 per cent of the total allocation between provinces in proportion to their share of the total number of households living in inadequate housing. Data from the 2011 Census is used for the number of households in each province living in informal settlements, shacks in backyards and traditional dwellings. Not all traditional dwellings are inadequate, which is why information on the proportion of traditional dwellings per province with damaged roofs and walls from the 2010 General Household Survey is used to adjust these totals so that only traditional dwellings that provide inadequate shelter are counted in the formula.
- The second component determines 20 per cent of the total allocation based on the share of poor households in each province. The number of households with an income of less than R1 500 per month is used to determine 80 per cent of the component and the share of households with an income of between R1 500 and R3 500 per month is used to determine the remaining 20 per cent. Data used in this component comes from the 2011 Census.
- The third component, which determines 10 per cent of the total allocation, is shared in proportion to the number of people in each province, as measured in the 2011 Census.

In addition to the allocations determined through the formula, a total of R3.6 billion is ring-fenced over the 2016 MTEF period to upgrade human settlements in mining towns in six provinces. These allocations respond to areas with significant informal settlement challenges, with a high proportion of economic activity based on the natural resources sector. A total of R329.3 million is also ring-fenced over the medium term to repair infrastructure damaged by natural disasters.

The grant's baseline is reduced by R1.6 billion in 2016/17, but it is protected for the remainder of the MTEF period. The grant's allocation totals R61.6 billion over the medium term.

Public works grants

The *expanded public works programme integrated grant for provinces* incentivises provincial departments to use labour-intensive methods in infrastructure, environmental and other projects. Grant allocations are determined upfront based on the performance of provincial departments in meeting job targets in the preceding financial year. It is allocated R1.3 billion over the MTEF period.

The *social sector expanded public works programme incentive grant for provinces* rewards provinces for creating jobs in the preceding financial year in the areas of home-based care, early childhood development, adult literacy and numeracy, community safety and security, and sports programmes. The grant's allocation model incentivises provincial departments to participate in the Expanded Public Works Programme and measures the performance of each province relative to its peers, providing additional incentives to those that perform well. The grant is allocated R1.2 billion over the MTEF period.

Social development grant

The *substance abuse treatment grant* aims to build public substance abuse treatment facilities in the four provinces that do not already have such facilities: the Eastern Cape, the Free State, the Northern Cape and the North West. The grant, which is administered by the Department of Social Development, funds the construction of treatment centres. After 2016/17, however, it will no longer operate in its current form. For the remainder of the 2016 MTEF period, allocations to this grant will supplement the operationalisation of these treatment centres. The grant's baseline has not been reduced. It has been allocated R213.3 million over the MTEF period.

From 2017/18, the new *early childhood development grant* will be introduced to the provincial fiscal framework. The grant will play a part in government's prioritisation of early childhood development, as envisioned in the National Development Plan. Over the MTEF period, the grant baseline totals R812.9 million.

Sport and recreation South Africa grant

The *mass participation and sport development grant* aims to increase and sustain mass participation in sport and recreational activities in the provinces, with greater emphasis on provincial and district academies. The baseline reduction on this grant in 2016/17 is R10 million. It is allocated R1.8 billion over the MTEF period.

Transport grants

The *public transport operations grant* subsidises commuter bus services. It supports provinces to ensure that contractual obligations are met and services are efficiently provided. The public transport contracting and regulatory functions may be assigned to certain metropolitan municipalities during 2016/17. If this takes place, grant funds will be transferred directly to the assigned municipality. Given the pressures this sector faces, R700 million is added to the grant's baseline over the medium term. The grant is allocated R5.4 billion in 2016/17, R5.7 billion in 2017/18 and R6 billion in 2018/19.

The *provincial roads maintenance grant* consists of three components. The largest component enables provinces to expand their maintenance activities. The other components allow provinces to repair roads damaged by floods and rehabilitate roads that are heavily used in support of electricity production. Grant allocations are determined using a formula based on provincial road networks, road traffic and weather conditions. These factors reflect the different costs of maintaining road networks in each province. The grant requires provinces to follow best practices for planning and to use and regularly update roads asset management systems.

In preparation for the grant's performance-based allocation, the model's indicators – vehicle operating costs and remaining asset lifespan – have been finalised and the performance component will inform future grant allocations. An amount of R10 million has been reprioritised within this grant for 2016/17 to fund

preparations for the incentive measure. The total allocation for the MTEF period is R32.5 billion, including a ring-fenced allocation of R298 million in 2016/17 for the repair of infrastructure damaged by floods.

Part 5: Local government fiscal framework and allocations

The local government fiscal framework responds to the constitutional assignment of powers and functions to this sphere of government. The framework – including all transfers and own revenues – is structured to support the achievement of the National Development Plan's goals.

The framework refers to all resources available to municipalities to meet their expenditure responsibilities. National transfers account for a relatively small proportion of the local government fiscal framework, with the majority of local government revenues being raised by municipalities themselves through their substantial revenue-raising powers, including property rates and service charges. However, the proportion of revenue from transfers and own revenues varies dramatically across municipalities, with poor rural municipalities receiving most of their revenue from transfers, while urban municipalities raise the majority of their own revenues. This differentiation in the way municipalities are funded will continue in the period ahead.

The 2016 division of revenue includes several important changes that will affect municipalities, including changes to accommodate the effect of a series of major boundary changes that will come into effect following the 2016 local government elections, and changes as a result of the review of local government infrastructure grants.

Boundary changes will see the total number of municipalities in the country reduced from 278 to 257. Allocations published in the 2016 Division of Revenue Bill are based on the new municipal boundaries because these new demarcations will be in effect for the majority of the 2016/17 municipal financial year. In addition, the infrastructure grant review will reduce the number of grants to municipalities, helping to decrease the burden of reporting on municipalities and make the grant system more efficient.

This section outlines the transfers made to local government and how these funds are distributed between municipalities. Funds raised by national government are transferred to municipalities through conditional and unconditional grants. National transfers to municipalities are published to enable them to plan fully for their 2016/17 budgets, and to promote better accountability and transparency by ensuring that all national allocations are included in municipal budgets.

Transfers to local government

Over the 2016 MTEF period, R339.6 billion will be transferred directly to local government and a further R22.9 billion has been allocated to indirect grants. Direct transfers to local government over the 2016 MTEF period account for 9.1 per cent of national government's non-interest expenditure. When indirect transfers are added to this, total spending on local government increases to 9.8 per cent of national non-interest expenditure.

Table W1.22 Transfers to local government, 2012/13 – 2018/19

	2012/13	2013/14 Outcome	2014/15	2015/16 Revised estimate	2016/17	2017/18	2018/19
R million					Medium-term estimates		
Direct transfers	76 200	82 595	87 656	99 650	104 925	113 340	121 311
Equitable share and related	37 139	38 964	41 592	50 507	52 569	57 012	61 732
Equitable share formula ¹	32 747	34 268	36 512	45 351	47 141	51 313	55 710
RSC levy replacement	3 733	3 930	4 146	4 337	4 567	4 795	5 073
Support for councillor remuneration and ward committees	659	766	935	819	862	904	949
General fuel levy sharing with metros	9 040	9 613	10 190	10 659	11 224	11 785	12 469
Conditional grants	30 021	34 018	35 874	38 485	41 132	44 543	47 111
Infrastructure	28 485	32 412	34 167	36 842	39 120	42 568	45 087
Capacity building and other	1 536	1 606	1 707	1 643	2 013	1 975	2 024
Indirect transfers	5 050	5 945	8 895	10 525	7 773	7 401	7 679
Infrastructure	4 819	5 705	8 643	10 274	7 689	7 297	7 564
Capacity building and other	230	240	252	251	84	103	115
Total	81 250	88 541	96 551	110 175	112 698	120 740	128 990

1. Outcome and revised estimate figures for the equitable share reflect amounts transferred after funds have been withheld to offset underspending by municipalities on conditional grants. Roll-over funds are reflected in the year in which they were transferred

Source: National Treasury

Changes to local government allocations

Direct transfers to local government grow at an annual average rate of 6.8 per cent over the 2016 MTEF period. Transfers to local government tabled in the 2016 MTEF have been reduced to make funding available for other government priorities. As outlined in the 2015 *Medium Term Budget Policy Statement*, additions of R2 billion in 2017/18 and R4 billion in 2018/19 were proposed for the local government equitable share to compensate for the effect of the rising costs of bulk water and electricity. These additions are now being reduced to R1.5 billion in 2017/18 and R3 billion in 2018/19. The local government equitable share allocation will also be reduced by R300 million in 2016/17. Since the 2015 *Medium Term Budget Policy Statement*, the allocations for direct and indirect conditional grants have also been reduced by a further R4.9 billion over the MTEF period.

In order to support the continued delivery of basic services, some conditional grants have been reprioritised, while others have been realigned and merged. Grant administrators and municipalities should maximise efficient spending to minimise the effect of these reductions on service delivery. These changes are summarised in Table W1.23.

Table W1.23 Revisions to direct and indirect transfers to local government,
2016/17 – 2018/19

	2016/17	2017/18	2018/19	2016 MTEF Total revisions
R million				
Technical adjustments	0	0	0	0
Direct transfers	3 116	3 397	3 685	10 198
Municipal infrastructure grant	-14	-14	-15	-43
Urban settlements development	14	14	15	43
Water services infrastructure	2 965	3 900	4 139	11 004
Municipal water infrastructure	-1 186	-1 773	-1 876	-4 835
Rural household infrastructure	-113	-124	-131	-369
Water services operating subsidy	-466	-502	-532	-1 500
Regional bulk infrastructure	2 000	2 000	2 200	6 200
Municipal systems improvement	-84	-103	-115	-302
Indirect transfers	-3 116	-3 397	-3 685	-10 198
Regional bulk infrastructure	-2 000	-2 000	-2 200	-6 200
Water services infrastructure	312	587	608	1 507
Municipal water infrastructure	-1 512	-2 087	-2 208	-5 807
Municipal systems improvement	84	103	115	303
Additions to baselines	752	1 562	3 000	5 314
Direct transfers	247	1 562	3 000	4 809
Local government equitable share	–	1 500	3 000	4 500
Municipal demarcation transition	247	62	–	309
Indirect transfers	505	–	–	505
Regional bulk infrastructure	155	–	–	155
Bucket eradication programme	350	–	–	350
Reductions to baseline	-2 524	-1 806	-1 952	-6 282
Direct transfers	-2 374	-1 636	-1 772	-5 782
Local government equitable share	-300	–	–	-300
Municipal infrastructure grant	-620	-430	-480	-1 530
Municipal human settlements	-100	-115	-122	-337
Water services infrastructure	-120	-170	-180	-470
Urban settlements development	-250	-250	-350	-850
Integrated national electrification programme	-90	-110	-120	-320
Public transport network	-570	-250	-200	-1 020
Regional bulk infrastructure	-150	-135	-140	-425
Municipal systems improvement	-174	-176	-180	-530
Indirect transfers	-150	-170	-180	-500
Integrated national electrification programme	-150	-170	-180	-500
Total change to local government allocations				
Change to direct transfers	989	3 323	4 913	9 226
Change to indirect transfers	-2 761	-3 567	-3 865	-10 192
Net change to local government allocations	-1 772	-244	1 048	-967

Source: National Treasury

Technical adjustments in Table W1.23 reflect the merging of the previous *municipal water infrastructure grant*, the *water services operating subsidy grant* and the *rural household infrastructure grant* to create a new *water services infrastructure grant*. There is also a significant shift of resources in water infrastructure grants from indirect to direct grant allocations. Over the MTEF period, R4.3 billion is shifted from the *water services infrastructure grant*'s indirect component to its direct component, and R6.2 billion is shifted from the *regional bulk infrastructure grant*'s indirect component to its newly created direct component. This will enable the Department of Water and Sanitation to transfer funds to municipalities to build and refurbish their own infrastructure. The remaining allocation for the *municipal systems*

improvement grant will become an indirect grant, which will enable the Department of Cooperative Governance to implement capacity-building initiatives in a targeted group of municipalities. There is also a small shift of funds from the *municipal infrastructure grant* to the *urban settlements development grant* to account for the absorption of Naledi Local Municipality (which receives the *municipal infrastructure grant*) into Mangaung Metropolitan Municipality (which receives the *urban settlements development grant*).

A total of R5.3 billion is added to local government allocations over the MTEF period. Of this, R4.5 billion is added to the local government equitable share to assist municipalities with the rising costs of providing free basic services to their residents. To support the implementation of the Municipal Demarcation Board's major boundary changes, the *municipal demarcation transition grant* will be increased by R247.4 million in 2016/17 and R61.9 million in 2017/18 to subsidise the additional institutional and administrative costs arising from municipal mergers. A total of R350 million is added to the *bucket eradication programme grant* in 2016/17 to complete the eradication of bucket sanitation systems in formal residential areas. The *urban settlements development grant*, the *human settlements development grant* and the *municipal infrastructure grant* will continue to fund the upgrade of sanitation in informal settlements through various projects focused on improving these areas. An amount of R155 million is also reprioritised into the *regional bulk infrastructure grant*.

Reductions to transfers total R6.2 billion over the MTEF period, including reductions of 3.1 per cent of the *municipal infrastructure grant*, 2.4 per cent of the *urban settlements development grant*, 5.2 per cent of the *public transport network grant*, 4.3 per cent of the *direct water services infrastructure grant*, 6.9 per cent of the *direct regional bulk infrastructure grant*, 4.9 per cent of the *direct integrated national electrification programme grant* and 4.2 per cent of the *indirect integrated national electrification programme grant*. There is also a reduction of R485 million over the MTEF period from the *municipal systems improvement grant* and R530 million from the *municipal human settlements capacity grant*. The remainder of the *municipal systems improvement grant* will become an indirect grant to support the objectives of the Back to Basics strategy, while the *municipal human settlements capacity grant* will be discontinued. In future, the *urban settlements development grant* will fund built environment capacity building.

After accounting for all reductions and additions, direct transfers to local government increase by R9.2 billion over the MTEF period. This is primarily due to the shifting of indirect transfers to direct transfers in the water sector and the additions to the local government equitable share over the MTEF period. Indirect transfers to local government (allocations spent by national departments on behalf of municipalities) decrease by R10.1 billion over the medium term. Total allocations to local government (including direct and indirect transfers) decrease by R1.8 billion in 2016/17 and R244 million in 2017/18, followed by an increase of R1 billion in 2018/19. Over the MTEF period, local government allocations decrease by R967 million. Despite these reductions, total allocations to local government still grow at an annual average rate of 6.7 per cent over the MTEF period.

Demarcation effects

The Municipal Demarcation Board has announced several major boundary changes that will come into effect on the date of the 2016 local government elections, reducing the total number of municipalities in the country from 278 to 257. This is the most wide-ranging re-demarcation since the current system of wall-to-wall municipalities was introduced in 2000. It will have significant implications on allocations to municipalities in the Division of Revenue Act.

All formula-based allocations, including for the local government equitable share and the *municipal infrastructure grant*, have been updated with data that reflects the new municipal boundaries. Grant administrators for all project-based grants have assessed the location and needs of re-demarcated municipalities and taken this into account in determining their allocations for the 2016 MTEF period, so that funds are allocated to municipalities where projects will be implemented. Support to re-demarcated municipalities is provided through the *municipal demarcation transition grant*.

The date of the 2016 local government elections has not yet been declared, which means that it is also not yet known when the new demarcations will come into effect. The re-demarcation could take place before or after the start of the 2016/17 municipal financial year, which begins on 1 July 2016.

Allocations published in the 2016 Division of Revenue Bill are based on the new municipal boundaries because these new demarcations will be in effect for the majority of the 2016/17 municipal financial year. In terms of the guidance provided in the Municipal Financial Management Act (2003) Circular 78, if the elections are held before 1 July 2016, municipalities will be expected to complete the remaining weeks of the financial year on their existing budget structures (and existing demarcations). The allocations published in the 2016 Division of Revenue Bill will then be transferred to the re-demarcated municipalities from 1 July 2016.

However, additional clauses have been added to section 36 of the 2016 Division of Revenue Bill to enable the National Treasury to gazette revised allocations if the elections take place after 1 July 2016. These revised allocations will allow funds to be transferred to the current 278 municipalities for the period between 1 July 2016 and the date of the elections (when the re-demarcated municipal boundaries will come into effect). The remaining allocations will be transferred to the re-demarcated municipalities after the elections.

The local government equitable share

In terms of section 227 of the Constitution, local government is entitled to an equitable share of nationally raised revenue to enable it to provide basic services and perform its allocated functions. The local government equitable share is an unconditional transfer that supplements the revenue that municipalities can raise themselves (including property rates and service charges). The equitable share provides funding for municipalities to deliver free basic services to poor households and subsidises the cost of administration and other core services for those municipalities that have the least potential to cover these costs from their own revenues.

Over the 2016 MTEF period, the local government equitable share, including the *RSC/JSB levies replacement grant* and *special support for councillor remuneration and ward committees*, amounts to R171.3 billion – R52.6 billion in 2016/17, R57 billion in 2017/18 and R61.7 billion in 2018/19.

To help compensate for the rising costs of free basic service provision in municipalities, amounts of R1.5 billion in 2017/18 and R3 billion in 2018/19 will be added to the local government equitable share. However, in 2016/17 the local government equitable share is reduced by R300 million due to the need to reprioritise funds to urgent government priorities while reducing the expenditure ceiling. This reduction amounts to only 0.6 per cent of the value of the local government equitable share in 2016/17.

Formula for allocating the local government equitable share

The share of national revenue allocated to local government through the equitable share is determined in the national budget process and endorsed by Cabinet (the vertical division). Local government's equitable share is divided among the country's 257 municipalities, using a formula (the horizontal division) to ensure objectivity.

A new formula for the local government equitable share was introduced in 2013/14, following a review of the previous formula by the National Treasury, the Department of Cooperative Governance and SALGA, in partnership with the FFC and Statistics South Africa. The new formula is based on data from the 2011 Census. Statistics South Africa has updated the data from the 2011 Census to align with the geography of the new municipal boundaries, which resulted in small changes to some allocations. The local government equitable share formula's principles and objectives were set out in detail in the Explanatory Memorandum to the 2013 Division of Revenue.

Structure of the local government equitable share formula

The formula uses demographic and other data to determine each municipality's share of the local government equitable share. It has three parts, made up of five components:

- The first part of the formula consists of the *basic services* component, which provides for the cost of free basic services for poor households.
- The second part enables municipalities with limited resources to afford basic administrative and governance capacity, and perform core municipal functions. It does this through three components:
 - The *institutional component* provides a subsidy for basic municipal administrative costs.
 - The *community services component* provides funds for other core municipal services not included under basic services.
 - The *revenue adjustment factor* ensures that funds from this part of the formula are only provided to municipalities with limited potential to raise their own revenue. Municipalities that are least able to fund these costs from their own revenues should receive the most funding.
- The third part of the formula provides predictability and stability through the *correction and stabilisation factor*, which ensures that all of the formula's guarantees can be met.

Each of these components is described in detail in the subsections that follow. The formula's structure is summarised in the box.

Structure of the local government equitable share formula

$$LGES = BS + (I + CS) \times RA \pm C$$

where

LGES is the local government equitable share

BS is the basic services component

I is the institutional component

CS is the community services component

RA is the revenue adjustment factor

C is the correction and stabilisation factor

The basic services component

This component helps municipalities provide free basic water, sanitation, electricity and refuse removal services to households that fall below an affordability threshold. Following municipal consultation, the formula's affordability measure (used to determine how many households need free basic services) is based on the level of two state old age pensions. When the 2011 Census was conducted, the state old age pension was worth R1 140 per month, which means that two old age pensions were worth R2 280 per month. A monthly household income of R2 300 per month (in 2011) has therefore been used to define the formula's affordability threshold. Statistics South Africa has calculated that 59 per cent of all households in South Africa fall below this income threshold. The threshold is not an official poverty line or a required level to be used by municipalities in their own indigence policies – if municipalities choose to provide fewer households with free basic services than they are funded for through the local government equitable share, then their budget documentation should clearly set out why they have made this choice and how they have consulted with their community during the budget process.

The number of households per municipality, and the number below the poverty threshold, is updated annually based on the growth experienced in the period between the 2001 and 2011 Censuses. Provincial growth rates are then rebalanced to match the average annual provincial growth reported between 2002 and 2014 in the annual General Household Survey. Statistics South Africa has advised the National Treasury that, in the absence of official municipal household estimates, this is a credible method of estimating the household numbers per municipality needed for the formula. Statistics South Africa is researching methods

for producing municipal-level data estimates, which may be used to inform equitable share allocations in future.

The basic services component provides a subsidy of R334.97 per month in 2016/17 for the cost of providing basic services to each of these households. The subsidy includes funding for the provision of free basic water (six kilolitres per poor household per month), energy (50 kilowatt-hours per month) and sanitation and refuse (based on service levels defined by national policy). The monthly amount provided for each service is detailed in Table W1.24 and includes an allocation of 10 per cent for service maintenance costs.

Table W1.24 Amounts per basic service allocated through the local government equitable share

	Allocation per household below affordability threshold (R per month)			Total allocation per service (R million)
	Operations	Maintenance	Total	
Energy	63.87	7.10	70.97	7 830
Water	96.58	10.73	107.31	11 839
Sanitation	76.72	8.52	85.24	9 403
Refuse	64.30	7.15	71.45	7 882
Total basic services	301.47	33.50	334.97	36 953

Source: National Treasury

The formula uses the fairest estimates of the average costs of providing each service that could be derived from available information. More details of how the costs were estimated can be found in the discussion paper on the proposed structure of the new local government equitable share formula. The per household allocation for each of the basic services in Table W1.24 is updated annually based on the following:

- The electricity cost estimate is made up of bulk and other costs. Bulk costs are updated based on the multi-year price determination approved by the National Energy Regulator of South Africa (NERSA). The NERSA-approved bulk electricity tariff for the multi-year price determination period from 2014/15 to 2018/19 allows for increases of 8 per cent per year. If any variations to this increase are approved for 2016/17, funding will be considered during the adjustments budget process. Other electricity costs are updated based on the National Treasury's inflation projections in the 2015 *Medium Term Budget Policy Statement*.
- The water cost estimate is also made up of bulk and other costs. Bulk costs are updated based on the average increase in bulk tariffs charged by water boards (although not all municipalities purchase bulk water from water boards, their price increases serve as a proxy for the cost increases for all municipalities). The approved average tariff increase for bulk water from water boards in 2015/16 was 8.9 per cent. Other costs are updated based on the National Treasury's inflation projections in the 2015 *Medium Term Budget Policy Statement*.
- The costs for sanitation and refuse are updated based on the National Treasury's inflation projections in the 2015 *Medium Term Budget Policy Statement*.

The basic services component allocation to each municipality is calculated by multiplying the monthly subsidy per household by the updated number of households below the affordability threshold in each municipal area. In 2016/17, a total of 9.2 million households are funded through the basic services subsidy. The subsidy is allocated to 99.3 per cent of households below the affordability threshold of two old age pensions, instead of the 100 per cent funded in previous years. This change ensures that the effect of reductions to the equitable share in 2016/17 is spread across all components of the formula. Although the proportion of poor households funded has been reduced in 2016/17, the number of households provided with free basic services should not be affected because municipalities have not yet extended the provision of free basic services to reach all poor households.

The basic services component

$$BS = \text{basic services subsidy} \times \text{number of poor households}$$

Funding for each basic service is allocated to the municipality (metro, district or local) that is authorised to provide that service. If another municipality provides a service on behalf of the authorised municipality, it must transfer funds to the provider in terms of section 29 of the Division of Revenue Act. The basic services component is worth R37 billion in 2016/17 and accounts for 78.4 per cent of the value of the local government equitable share.

The institutional component

To provide basic services to households, municipalities need to be able to run a basic administration. Most municipalities should be able to fund the majority of their administration costs with their own revenue. But, because poor households are not able to contribute in full, the equitable share includes an institutional support component to help meet some of these costs. To ensure that this component supports municipalities with limited revenue-raising abilities, a revenue adjustment factor is applied so that a larger proportion of the allocation is received by municipalities with less potential to raise their own revenue. The revenue adjustment factor is described in more detail later in this annexure.

This component consists of a base allocation of R5.9 million, which goes to every municipality, and an additional amount that is based on the number of council seats in each municipality. This reflects the relative size of a municipality's administration and is not intended to fund the costs of councillors only (the number of seats recognised for the formula is determined by the Minister of Cooperative Governance and Traditional Affairs). The base component acknowledges that there are some fixed costs that all municipalities face.

The institutional component

$$I = \text{base allocation} + [\text{allocation per councillor} \times \text{number of council seats}]$$

The institutional component accounts for 8.6 per cent of the equitable share formula and is worth R4.1 billion in 2016/17. This component is also complemented by special support for councillor remuneration in poor municipalities, which is not part of the equitable share formula (described in more detail later).

The community services component

This component funds services that benefit communities rather than individual households (which are provided for in the basic services component). It includes funding for municipal health services, fire services, municipal roads, cemeteries, planning, storm water management, street lighting and parks. To ensure this component assists municipalities with limited revenue-raising abilities, a revenue adjustment factor is applied so that these municipalities receive a larger proportion of the allocation.

The allocation for this component is split between district and local municipalities, because both provide community services. In 2016/17, the allocation to district and metropolitan municipalities for municipal health and related services is R8.28 per household per month. The component's remaining funds are allocated to local and metropolitan municipalities based on the number of households in each municipality.

The community services component

$$CS = [\text{municipal health and related services allocation} \times \text{number of households}] + [\text{other services allocation} \times \text{number of households}]$$

The community services component accounts for 13 per cent of the equitable share formula and is worth R6.1 billion in 2016/17.

The revenue adjustment factor

The Constitution gives local government substantial revenue-raising powers (particularly through property rates and surcharges on services). Municipalities are expected to fund most of their own administrative costs and cross-subsidise some services for indigent residents. Given the varied levels of poverty across South Africa, the formula does not expect all municipalities to be able to generate similar amounts of own revenue. A revenue adjustment factor is applied to the institutional and community services components of the formula to ensure that these funds assist municipalities that are least likely to be able to fund these functions from their own revenues.

To account for the varying fiscal capacities of municipalities, this component is based on a per capita index using the following factors from the 2011 Census (all data has been updated to reflect new municipal boundaries):

- Total income of all individuals/households in a municipality (as a measure of economic activity and earning)
- Reported property values
- Number of households on traditional land
- Unemployment rate
- Proportion of poor households as a percentage of the total number of households in the municipality.

Based on this index, municipalities were ranked according to their per capita revenue-raising potential. The top 10 per cent of municipalities have a revenue adjustment factor of zero, which means that they do not receive an allocation from the institutional and community services components. The 25 per cent of municipalities with the lowest scores have a revenue adjustment factor of 100 per cent, which means that they receive their full allocation from the institutional and community services components. Municipalities between the bottom 25 per cent and top 10 per cent have a revenue adjustment factor applied on a sliding scale, so that those with higher per capita revenue-raising potential receive a lower revenue adjustment factor and those with less potential receive a larger revenue adjustment factor.

The revenue adjustment factor is not based on the actual revenues municipalities collect. This component therefore does not create any perverse incentive for municipalities to under-collect potential own revenues to receive a higher equitable share.

Because district municipalities do not collect own revenues from property rates, the revenue adjustment factor applied to these municipalities is based on the *RSC/JSB levies replacement grant* allocations. This grant replaces a source of own revenue previously collected by district municipalities and it is still treated as an own-revenue source in many respects. Similar to the revenue adjustment factor for local and metropolitan municipalities, the factor applied to district municipalities is based on their per capita *RSC/JSB levies replacement grant* allocations. District municipalities are given revenue adjustment factors on a sliding scale – those with a higher per capita *RSC/JSB levies replacement grant* allocation receive a lower revenue adjustment factor, while those with lower allocations receive a larger revenue adjustment factor.

Correction and stabilisation factor

Providing municipalities with predictable and stable equitable share allocations is one of the principles of the equitable share formula. Indicative allocations are published for the second and third years of the MTEF period to ensure predictability. To provide stability for municipal planning, while giving national government flexibility to account for overall budget constraints and amend the formula, municipalities are guaranteed to receive at least 90 per cent of the indicative allocation for the middle year of the MTEF period.

The changes to municipal boundaries result in some significant changes to municipal allocations in 2016/17. To cushion the impact of these changes, all municipalities will receive at least 95 per cent of the equitable share formula allocation indicatively allocated to them in 2016/17 in the 2015 Division of Revenue Act. For merged municipalities, this guarantee will be based on the sum of the equitable share allocations to the previously separate municipalities. In cases where a municipality has been split, the guarantee is applied to an area's share of the former municipality's equitable share, based on its portion of the population in the former municipality.

A new equitable share formula was introduced in 2013/14 using updated 2011 Census data. As a result, some municipalities will experience large changes in their equitable share allocations. To smooth the impact of these changes and give municipalities time to adjust (both for municipalities with increasing and decreasing allocations), the new allocations are being phased in over five years, from 2013/14 to 2017/18. For municipalities with smaller allocations under the new formula, the phase-in mechanism measures the difference between the municipality's old and new allocations and closes this gap by 20 per cent each year. This means that in the first year, a municipality only experienced a change equivalent to 20 per cent of the gap between their allocations under the old and new formulas; in the second year, it completed 40 per cent of the change; in the third year (2015/16), it completed 60 per cent; and in 2016/17 it will complete 80 per cent. In 2017/18, the allocation will be determined entirely through the new formula.

To provide for this phase-in approach, while staying within the limits of the equitable share, municipalities with larger allocations will also have their increases phased in over five years. The total top-up amount needed to fund the phasing in for municipalities with declining allocations is calculated and deducted from those that do not require a top-up in proportion to their "surplus". This means that municipalities with larger allocations will have some of those gains delayed over the phase-in period.

Ensuring the formula balances

The formula is structured so that all of the available funds are allocated. The basic services component is determined by the number of poor households per municipality and the estimated cost of free basic services, so it cannot be manipulated. This means that the balancing of the formula to the available resources must take place in the second part of the formula, which includes the institutional and community services components. The formula automatically determines the value of the allocation per council seat in the institutional component and the allocation per household for other services in the community services component to ensure that it balances. Increases in the cost of providing basic services can result in lower institutional and community services allocations. To ensure that the amounts allocated through the institutional and basic services components do not decline by more than 10 per cent, the proportion of households funded for free basic services has been reduced from 100 per cent of households below the affordability threshold (equivalent to two old age pensions) to 99.3 per cent in 2016/17.

Potential future refinements to the formula

Although the local government equitable share formula has been through extensive consultations and technical work, national government continues to work with stakeholders to improve the formula. Areas of work include:

- Developing differentiated cost variables to take account of the costs of services in various circumstances, including costs related to the size of the land area served and settlement types in municipalities. SALGA and the FFC have undertaken a research project that could provide the basis for calculating such variables in future.
- Refining the methodology used to update household growth estimates, taking account of updated data from Statistics South Africa, and possibly including the 2016 Community Survey.

Government is committed to considering all proposed refinements to the formula, but another full review is not envisaged until the current formula has been fully phased in and municipalities have had time to adjust to the new allocations.

Details of new allocations

In addition to the three-year formula allocations published in the Division of Revenue Bill, a copy of the formula, including the data used for each municipality and each component, is published online (http://mfma.treasury.gov.za/Media_Releases/LGESDiscussions/Pages/default.aspx).

Other unconditional allocations

RSC/JSB levies replacement grant

Before 2006, district municipalities raised levies on local businesses through an RSC or JSB levy. This source of revenue was replaced in 2006/07 with the *RSC/JSB levies replacement grant*, which was allocated to all district and metropolitan municipalities based on the amounts they had previously collected through the levies (the *RSC/JSB levies replacement grant* for metropolitan municipalities has since been replaced by the sharing of the general fuel levy). The grant's value increases every year. In 2016/17, the grant increases by 8.5 per cent a year for district municipalities authorised for water and sanitation and 2.8 per cent for unauthorised district municipalities. The different rates recognise the various service delivery responsibilities of these district municipalities.

Special support for councillor remuneration and ward committees

Councillors' salaries are subsidised in poor municipalities. The total value of the support provided in 2016/17 is R861.7 million, calculated separately to the local government equitable share and in addition to the funding for governance costs provided in the institutional component. The level of support for each municipality is allocated based on a system gazetted by the Minister of Cooperative Governance and Traditional Affairs, which classifies municipal councils into six grades based on their total income and population size. Special support is provided to the lowest three grades of municipal councils (the smallest and poorest municipalities).

A subsidy of 90 per cent of the gazetted maximum remuneration for a part-time councillor is provided for every councillor in grade 1 municipalities, 80 per cent for grade 2 municipalities and 70 per cent for grade 3 municipalities. In addition to this support for councillor remuneration, each local municipality in grades 1 to 3 receives an allocation to provide stipends of R500 per month to 10 members of each ward committee in their municipality. Each municipality's allocation for this special support is published in the Division of Revenue Bill appendices.

All data used in these calculations was updated to take account of new demarcations and councillor numbers. The new grades for municipalities affected by boundary re-determinations will only be confirmed once the new municipalities have been formally established. For 2016/17 allocations, it was assumed that the grade of a new municipality would be equal to the highest grade of the existing municipalities being merged to form the new municipality. Because grades are based on municipal income and population, merging municipalities can only increase the grade. The new municipality created in Limpopo, formed by merging part of Thulamela Local Municipality and part of Makhado Local Municipality, is assumed to be a grade 3 municipality based on its population size.

Conditional grants to local government

National government allocates funds to local government through a variety of conditional grants. These grants fall into two main groups: infrastructure and capacity building. The total value of conditional grants directly transferred to local government increases from R41.1 billion in 2016/17 to R44.5 billion in 2017/18 and R47.1 billion in 2018/19.

There are four types of local government conditional grants:

- Schedule 4B sets out general grants that supplement various programmes partly funded by municipalities.
- Schedule 5B grants fund specific responsibilities and programmes implemented by municipalities.

- Schedule 6B grants provide in-kind allocations through which a national department implements projects in municipalities.
- Schedule 7B grants provide for the swift allocation and transfer of funds to a municipality to help it deal with a disaster.

Local government infrastructure grant review

The National Treasury, in collaboration with the Department of Cooperative Governance, the Department of Planning, Monitoring and Evaluation, SALGA and the FFC, has reviewed the system of local government infrastructure grants. The process has involved wide consultation, including many engagements with municipalities and national officials responsible for managing grants. The review proposes several changes that will be implemented in the 2016 Budget. The structure of grants allocated to different types of municipalities will be changed to increase their differentiation and reduce grant proliferation; improve asset management over the lifespan of municipal infrastructure; and enhance national grant support and oversight.

Following the implementation of the initial changes emerging from the review in 2015/16, further reforms will be phased in over the 2016 MTEF period in the following areas:

Asset management

The grant review has proposed several changes to incentivise asset management practices that improve functionality and reliability over the full lifecycle of municipal infrastructure. This includes allowing grant funds to be used to refurbish infrastructure (in the past, the focus was largely on constructing new infrastructure) and establish asset maintenance plans. Over time, stronger conditions will be put in place to require municipalities to use these asset management systems to prioritise the maintenance and investment needed on their infrastructure.

The quality of rural roads continues to be a major obstacle to mobility in rural communities. Over several years, data has been collected on the extent and condition of roads using the *rural roads asset management systems grant*. This data can be used to guide municipalities on which roads to maintain and upgrade to achieve the best return for their investment. Unlike other basic municipal functions, there is no funding for road maintenance in the local government equitable share. As such, the grant review proposes that municipalities should be allowed to use funds from the *municipal infrastructure grant* to maintain and refurbish roads if they use data from their roads asset management systems to prioritise their investments.

Differentiation and grant proliferation

The review acknowledged that the infrastructure needs of cities and rural areas are very different, which is why the grant system for these areas must be structured differently. While metropolitan municipalities already receive specialist urban grants such as the *urban settlements development grant*, secondary cities largely receive the same grants and are subject to the same rules as rural municipalities. In 2016/17, new planning requirements will be introduced for secondary cities as the first step towards introducing differentiation in the grant system to better respond to urban development challenges. Cities that meet the criteria will be eligible for a separate grant in the outer years of the MTEF period. The consolidation of infrastructure grants for metropolitan municipalities is also intended to be phased in over the medium term and eventually extended to secondary cities.

Major investments in urban public transport continue to be made through the grant system. Following the merging of two public transport grants in the 2015 Budget, the grant review engaged in further analysis and consultation to continue the reform. The Department of Transport will introduce a new formula-based allocation methodology for the *public transport network grant* over the 2016 MTEF period. This should increase municipalities' certainty about the national funding they can expect when planning for their public transport networks, and encourage cities to plan and develop systems that they can afford to operate in the long term.

In rural areas, the multiple grants in the water and sanitation sector will be merged to form two grants, the *regional bulk infrastructure grant*, which funds large bulk projects, and the *water services infrastructure grant*, which funds the building and refurbishment of water and sanitation schemes in municipalities with weaker capacity.

Grant management

The review concluded that there is substantial scope to improve the outcomes of the infrastructure conditional grants by enhancing the oversight and support provided to municipalities by the sector departments transferring conditional grants. Departments have been asked to identify and prioritise the resources they allocate to manage grants in their departments. The Municipal Infrastructure Support Agent will also play a greater role in helping municipalities improve their delivery of infrastructure, including through new regional management support contracts, which will be piloted in 2016/17. The Department of Cooperative Governance will work to strengthen the municipalities and their project management units that are funded using the *municipal infrastructure grant*. Each municipality will have to submit a plan for how they plan to use their project management unit funds and demonstrate how this will lead to improved performance. Performance can then be monitored against these plans and municipalities held accountable for their implementation.

Municipalities have raised many complaints about the extensive reporting required of them, including through the grant system. The Cities Support Programme is leading a project to reduce overlaps and simplify reporting requirements that may feed into grant requirements in future. In 2016/17, the reporting burden should be reduced because several grants have been consolidated, thereby reducing the number of grants on which municipalities have to report.

Infrastructure conditional grants to local government

National transfers for infrastructure, including indirect or in-kind allocations to entities executing specific projects in municipalities, amount to R149.3 billion over the 2016 MTEF period.

Table W1.25 Infrastructure grants to local government, 2012/13 – 2018/19

	2012/13	2013/14 Outcome	2014/15	2015/16 Revised estimate	2016/17	2017/18	2018/19
R million					Medium-term estimates		
Direct transfers	28 485	32 412	34 167	36 842	39 120	42 568	45 087
Municipal infrastructure	13 879	14 224	14 745	14 956	14 914	15 991	16 894
Water services infrastructure	562	1 129	1 051	2 255	2 845	3 730	3 959
Urban settlements development	7 392	9 077	10 285	10 554	10 839	11 472	12 052
Integrated national electrification programme	1 151	1 635	1 105	1 980	1 946	2 087	2 204
Public transport network	4 884	5 550	5 871	5 953	5 593	6 360	6 793
Neighbourhood development partnership	578	586	590	607	624	663	702
Integrated city development	–	40	255	251	267	292	309
Regional bulk infrastructure	–	–	–	–	1 850	1 865	2 060
Rural roads asset management systems	37	52	75	97	102	107	114
Municipal disaster recovery	–	118	190	189	140	–	–
Indirect transfers	4 819	5 705	8 643	10 274	7 689	7 297	7 564
Integrated national electrification programme	1 879	2 141	2 948	3 613	3 526	3 876	3 995
Neighbourhood development partnership	80	55	58	26	22	28	29
Regional bulk infrastructure	2 523	3 261	4 005	4 858	3 479	2 806	2 931
Water services infrastructure	337	247	732	802	312	587	608
Bucket eradication programme	–	–	899	975	350	–	–
Total	33 305	38 117	42 810	47 116	46 809	49 865	52 651

Source: National Treasury

Municipal infrastructure grant

The largest infrastructure transfer is made through the *municipal infrastructure grant*, which supports government's aim to expand service delivery and alleviate poverty. The grant funds the provision of infrastructure for basic services, roads and social infrastructure for poor households in all non-metropolitan municipalities. Although the grant's baseline is reduced by R620.2 million in 2016/17, R430 million in 2017/18 and R480 million in 2018/19, total allocations amount to R47.8 billion over the MTEF period.

The Department of Cooperative Governance, which administers the *municipal infrastructure grant*, conducted a policy review of the grant during 2014. This review collaborated with the review of local government infrastructure grants to make proposals on the grant's future direction. In the 2016 MTEF period, the Department of Cooperative Governance will strengthen the grant's coordination structures and ensure that all departments responsible for sectors funded through the grant participate actively in the review of project proposals. Sector departments need to ensure that they dedicate sufficient capacity to fulfil their grant management role. The conditions for the use of *municipal infrastructure grant* funds for project management units will be expanded to include providing support to all grant-funded infrastructure projects in the municipality and will be subject to a plan against which expenditure can be monitored. The provisions introduced in 2015/16 that allow funds to be used for road refurbishment if certain conditions are met will be strengthened, and linked to the use of road condition and usage data collected through the *rural roads asset management grant*. The condition introduced in the 2014 Budget that municipalities with households served by bucket systems must prioritise sanitation upgrades is retained.

The *municipal infrastructure grant* is allocated through a formula with a vertical and horizontal division. The vertical division allocates resources between sectors and the horizontal division takes account of poverty, backlogs and municipal powers and functions in allocating funds to municipalities. The five main components of the formula are described in the box below.

$$\text{Municipal infrastructure grant} = C + B + P + E + N$$

- C** Constant to ensure increased minimum allocation for small municipalities (this allocation is made to all municipalities)
- B** Basic residential infrastructure (proportional allocations for water supply and sanitation, roads and other services such as street lighting and solid waste removal)
- P** Public municipal service infrastructure (ring-fenced for municipal sport infrastructure)
- E** Allocation for social institutions and micro-enterprises infrastructure
- N** Allocation to the 27 priority districts identified by government

For the 2016 MTEF, the *municipal infrastructure grant* allocation formula uses data from the 2011 Census (updated to reflect municipal boundary changes). Allocations for basic services sub-components are based on the proportion of the national backlog for that service in each municipality. Other components are based on the proportion of the country's poor households located in each municipality. Table W1.26 sets out the proportion of the grant accounted for by each component of the formula. The C-component provides a R5 million base to all municipalities receiving *municipal infrastructure grant* allocations.

Table W1.26 Municipal infrastructure grant allocations per sector

Municipal infrastructure grant (formula)	Component weights	Value of component 2016/17 (R millions)	Proportion of municipal infrastructure grant per sector
B-component	75.0%	10 113	67.8%
Water and sanitation	72.0%	7 281	48.8%
Roads	23.0%	2 326	15.6%
Other	5.0%	506	3.4%
P-component	15.0%	2 023	13.6%
Sports	33.3%	674	4.5%
E-component	5.0%	674	4.5%
N-component	5.0%	674	4.5%
Constant		1 130	7.6%
Ringfenced funding for sport infrastructure		300	2.0%
Total		14 914	100.0%

Source: National Treasury

A total of R300 million of *municipal infrastructure grant* funds is allocated outside of the grant formula and earmarked for specific sport infrastructure projects identified by Sport and Recreation South Africa. In addition, municipalities are required to spend a third of the P-component (equivalent to 4.5 per cent of the grant) on sport and recreation infrastructure identified in their own integrated development plans. Municipalities are also encouraged to increase their investment in other community infrastructure, including cemeteries, community centres, taxi ranks and marketplaces.

Urban settlements development grant

The *urban settlements development grant* is an integrated source of funding to provide infrastructure for municipal services and upgrade urban informal settlements in the eight metropolitan municipalities. The grant is allocated as a supplementary grant to cities (schedule 4 of the Division of Revenue Act), which means that municipalities are expected to use a combination of grant funds and their own revenue to develop urban infrastructure and integrated human settlements. Cities report their progress on these projects against the targets set in their service delivery and budget implementation plans.

The *municipal human settlements capacity grant* was introduced in 2014/15 to build capacity in anticipation of the devolution of the housing function to metropolitan municipalities, which has not taken place. As a result, the 2016 Budget is concluding this grant. Instead, up to three per cent of the *urban settlements development grant* may be used to fund municipal capacity in the built environment.

As part of the demarcation process, *municipal infrastructure grant* funds previously allocated to Naledi Municipality have been shifted to the *urban settlements development grant* allocation for Mangaung Metropolitan Municipality, because the two municipalities are merging. The grant is allocated a total of R34.4 billion over the 2016 MTEF period.

Integrated city development grant

The grant provides a financial incentive for metropolitan municipalities to focus their use of infrastructure investment and regulatory instruments to achieve more compact and efficient urban spaces. Cities are required to submit built environment performance plans for this grant, including a brief strategic overview of the city's plans for the built environment, with a focus on the infrastructure grants that form part of the capital budget. The plan should show how the municipality will ensure alignment between its different grant-funded programmes and how it will address related policy and regulatory matters. All projects funded by sector-specific infrastructure grants, including the *urban settlements development grant*, the *public transport network grant*, the *neighbourhood development partnership grant* and the *integrated national electrification programme grant*, must form part of a metropolitan municipality's built environment performance plan. The grant is allocated R868 million over the 2016 MTEF period.

Public transport network grant

The *public transport network grant*, administered by the Department of Transport, helps cities create or improve public transport systems in line with the National Land Transport Act (2009) and the Public Transport Strategy. This includes all integrated public transport network infrastructure, such as bus rapid transit systems, conventional bus services and upgrades for pedestrian and cycling infrastructure. It also subsidises the operation of these services.

A new formula-based allocation methodology will be phased in over the medium term. This formula aims to increase certainty about the extent of national funding that municipalities expect when planning their public transport networks, and encourage cities to shift towards more sustainable transport investments. Cities need to plan within a realistic envelope of support from national government, without additional subsidies. By 2017/18, strict eligibility conditions will be enforced, including requirements that cities demonstrate that their planned public transport systems will be financially sustainable. The formula is made up of three components, which account for the number of people in a city; the number of public transport users in a city (the weighting of train commuters is reduced as trains are subsidised separately through the Passenger Rail Authority of South Africa); and the size of a city's economy.

Table W1.27 Formula for the public transport network grant

	Population component shares	Regional gross value added component shares	Public transport users component shares	Grant formula shares
Non-formula-based allocations account for 20% of the grant				
Formula-based allocations account for 80% of the grant				
Formula shares for each city:				
Buffalo City	3.3%	2.8%	3.0%	3.0%
Nelson Mandela Bay	5.0%	4.7%	3.5%	4.4%
Mangaung	3.3%	2.4%	3.1%	2.9%
Ekurhuleni	13.8%	9.5%	15.2%	12.8%
City of Johannesburg	19.3%	25.2%	20.3%	21.6%
Tshwane	12.7%	15.0%	13.9%	13.9%
eThekweni	15.0%	15.8%	17.6%	16.1%
Msunduzi	2.7%	1.5%	2.3%	2.2%
MP326	2.6%	1.9%	2.2%	2.2%
Polokwane	2.7%	1.5%	1.2%	1.8%
Rustenburg	2.4%	3.5%	2.2%	2.7%
George	0.8%	0.5%	0.2%	0.5%
Cape Town	16.3%	15.8%	15.2%	15.8%
Total	100.0%	100.0%	100.0%	100.0%

Source: National Treasury

The grant has separate operational and capital windows based on cities' implementation plans. The grant is allocated R18.7 billion over the 2016 MTEF period.

Neighbourhood development partnership grant

The *neighbourhood development partnership grant* supports cities in developing and implementing urban network plans. The aim is to create a platform for third-party public and private investment, which will improve the quality of life in township urban hubs. Projects in towns and rural areas are implemented in conjunction with the Department of Rural Development and Land Reform to support catalytic projects in these areas. The grant is allocated R2.1 billion over the MTEF period, which consists of R2 billion for the direct capital grant and R79.3 million for the indirect technical assistance grant.

Water services infrastructure grant

The Department of Water and Sanitation administers several grants, including the *regional bulk infrastructure grant*, the *municipal water infrastructure grant*, the *water services operating subsidy grant*, the *rural household infrastructure grant* and the *bucket eradication programme grant*. Following extensive consultation with the Department of Water and Sanitation in 2015 as part of the review of local government infrastructure grants, it was agreed that there is a need to rationalise overlapping grants, ensure greater alignment between water and sanitation projects, and strengthen the alignment between different projects in the sector.

The *water services infrastructure grant* has been created through the merger of the *municipal water infrastructure grant*, the *water services operating subsidy grant*, and the *rural household infrastructure grant*. This grant aims to accelerate the delivery of clean water and sanitation facilities to communities that do not have access to basic water services. The grant, administered by the Department of Water and Sanitation, provides funding for various projects, including the construction of new infrastructure and the refurbishment and extension of existing water schemes. It has both direct and indirect components. In areas where municipalities have the capacity to implement projects themselves, funds will be transferred through a direct grant. In other areas, the Department of Water and Sanitation will implement projects on behalf of municipalities through an indirect grant. As with other indirect grants, the national department is required to transfer skills to the municipalities benefiting from the indirect grant so that they will be able to

implement projects themselves in future. Over the 2016 MTEF period, the total allocation for the direct portion of the grant is R10.5 billion and an additional R1.5 billion will be made available for the indirect component.

Regional bulk infrastructure grant

This grant supplements the financing of the social component of regional bulk water and sanitation infrastructure. It targets projects that cut across several municipalities or large bulk projects within one municipality. The grant funds the bulk infrastructure needed to provide reticulated water and sanitation services to individual households. It may also be used to appoint service providers to carry out feasibility studies, related planning or management studies for infrastructure projects. It has both direct and indirect components. In areas where municipalities have the capacity to implement projects themselves, funds will be transferred through a direct grant. In other areas, the Department of Water and Sanitation will implement projects on behalf of municipalities through an indirect grant. A parallel programme, funded by the Department of Water and Sanitation, also funds water boards for the construction of bulk infrastructure. Though not part of the division of revenue, these projects still form part of the Department of Water and Sanitation's larger programme of subsidising the construction of regional bulk infrastructure for water and sanitation. The grant has a total allocation of R15 billion over the 2016 MTEF period, consisting of R5.8 billion and R9.2 billion for the direct and indirect components respectively.

Bucket eradication programme grant

The *bucket eradication programme grant* is an indirect grant to municipalities administered by the Department of Water and Sanitation. It funds the eradication of bucket sanitation systems in formal residential areas. This indirect grant was due to end in 2015/16, but it has been extended by one year to allow the grant to complete its eradication work (implementation was delayed in 2014/15 due to a sanitation function shift between departments). The *human settlement development grant*, *urban settlements development grant* and *municipal infrastructure grant* will prioritise the upgrade of sanitation in informal areas as part of their funding for informal settlement upgrades. The programme will be reviewed in 2016/17 to inform the close-out (or extension) of this grant. It is allocated R350 million in 2016/17.

Integrated national electrification programme grants

The national electrification programme has been instrumental in providing 85 per cent of all households with access to electricity, as reported in the 2011 Census. To sustain progress in connecting poor households to electricity, government will spend R17.6 billion on the programme over the next three years. Of this, municipalities are allocated R6.2 billion and Eskom is allocated R11.4 billion to spend on behalf of municipalities through an indirect grant.

Rural roads asset management systems grant

The Department of Transport administers the *rural roads asset management systems grant* to improve rural road infrastructure. The grant funds the collection of data on the condition and usage of rural roads in line with the Road Infrastructure Strategic Framework for South Africa. This data will guide investments to maintain and improve these roads. District municipalities collect this data on all the municipal roads in their area so that the spending of infrastructure funds (from the *municipal infrastructure grant* and elsewhere) can be properly planned to maximise impact. As data becomes available, incentives will be introduced to ensure that municipalities use this information to plan road maintenance appropriately. The *municipal infrastructure grant* stipulates that municipalities must use data from roads asset management systems to prioritise investment in roads projects.

The Department of Transport has committed to working with the *municipal infrastructure grant* administrators to ensure that municipal roads projects are chosen, prioritised and approved using roads asset management systems data wherever possible. The data already collected suggests that as much as

30 per cent of investment required is for maintenance. A total of R322.4 million is allocated to this grant over the 2016 MTEF period.

Municipal disaster recovery grant

This grant, administered by the National Disaster Management Centre in the Department of Cooperative Governance, is used to rehabilitate and reconstruct municipal infrastructure damaged by disasters. R140 million is allocated in 2016/17 to repair infrastructure damaged by natural disasters.

Capacity-building grants and other current transfers

Capacity-building grants help to develop municipalities' management, planning, technical, budgeting and financial management skills. Other current transfers include the *expanded public works programme integrated grant for municipalities*, which promotes increased labour intensity in municipalities, and the *municipal demarcation transition grant*, which assists municipalities with the additional costs associated with significant boundary changes. A total of R6.3 billion is allocated to capacity-building grants and other current transfers to local government over the 2016 MTEF period.

**Table W1.28 Capacity building and other current grants to local government,
2012/13 – 2018/19**

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	Outcome			Revised estimate	Medium-term estimates		
R million							
Direct transfers	1 536	1 606	1 707	1 643	2 013	1 975	2 024
Local government financial management	403	425	449	452	465	502	531
Municipal human settlements capacity	–	–	300	100	–	–	–
2013 African Cup of Nations host city operating	123	–	–	–	–	–	–
2014 African Nations Championship host city operating	–	120	–	–	–	–	–
Expanded public works programme	662	611	595	588	664	716	758
Infrastructure skills development	75	99	104	124	130	141	149
Energy efficiency and demand-side	200	181	137	178	186	203	215
Municipal demarcation transition	–	–	–	39	297	112	53
Municipal disaster	73	171	121	161	270	300	318
Indirect transfers	230	240	252	251	84	103	115
Municipal systems improvement	230	240	252	251	84	103	115
Total	1 766	1 846	1 959	1 894	2 097	2 078	2 139

Source: National Treasury

Municipal demarcation transition grant

The *municipal demarcation transition grant*, administered by the Department of Cooperative Governance, assists municipalities with additional costs that may arise during the transition to the new municipal boundaries. This grant was introduced in 2015/16 to subsidise the costs involved in implementing major boundary re-determinations announced by the Municipal Demarcation Board in 2013. A further 12 major boundary re-determinations were subsequently approved by the board in 2015. Each major re-demarcation is eligible for an allocation, and the grant has been expanded to include these new cases from 2016/17.

For municipal re-demarcations announced in 2013, some funds have already been transferred in 2015/16 to enable municipalities to do preparatory work ahead of the mergers. As a result, they will receive smaller allocations in the 2016 MTEF period. A total of R309.3 million has been added to the *municipal demarcation transition grant* in 2016/17 and 2017/18. In line with the FFC's recommendations, the grant will conclude at the end of 2017/18 because it is only intended to fund transitional costs and it will not form a permanent part of the intergovernmental transfer system.

Local government financial management grant

The *local government financial management grant*, managed by the National Treasury, funds the placement of financial management interns and the modernisation of financial management systems. This includes building in-house municipal capacity to implement multi-year budgeting, linking integrated development plans to budgets, and producing quality and timely in-year and annual reports. The grant supports municipalities in the implementation of the Municipal Finance Management Act and also provides funds for the implementation of the municipal standard chart of accounts. Total allocations amount to R1.5 billion over the 2016 MTEF period.

Infrastructure skills development grant

The *infrastructure skills development grant* develops capacity within municipalities by creating a sustainable pool of young professionals with technical skills related to municipal services, such as water, electricity and town planning. The grant places interns in municipalities, so they can complete the requirements of the relevant statutory council within their respective built environment fields. The interns can be hired by any municipality at the end of their internship. The grant is allocated R420.2 million over the 2016 MTEF period.

Municipal systems improvement grant

The *municipal systems improvement grant* will be implemented as an indirect grant in the 2016 MTEF period. It will fund a range of projects in municipalities in support of the Back to Basics strategy, including helping municipalities set up adequate records management systems, drawing up organograms for municipalities and reviewing their appropriateness relative to their assigned functions, and assisting municipalities with revenue collection plans. The indirect grant will be complemented by the Department of Cooperative Governance's work to develop an integrated consumer database that municipalities can draw data from, as well as a performance management system to track municipal performance. Over the MTEF period, R302.7 million is allocated to this grant.

Expanded public works programme integrated grant for municipalities

This grant promotes the use of labour-intensive methods in delivering municipal infrastructure and services. It is allocated through a formula based on past performance, which creates an incentive for municipalities. The formula has an extra weighting to give bigger allocations to poor, rural municipalities. The grant is allocated R664 million in 2016/17, and R2.1 billion over the 2016 MTEF period.

The energy efficiency and demand-side management grant

The *energy efficiency and demand-side management grant* funds selected municipalities to implement energy-efficiency projects, with a focus on public lighting and energy-efficient municipal infrastructure. In the 2016 MTEF period, the Department of Energy will monitor and verify grant-funded projects to ensure greater consistency in the procurement of accredited verification services. The grant is allocated R603.9 million over the 2016 MTEF period.

Municipal disaster grant

The *municipal disaster grant* is administered by the National Disaster Management Centre in the Department of Cooperative Governance as an unallocated grant to local government. The centre is able to disburse disaster-response funds immediately, without the need for the transfers to be gazetted first. To ensure that sufficient funds are available in the event of disasters, section 21 of the Division of Revenue Bill allows for funds allocated to the *provincial disaster grant* to be transferred to municipalities if funds in the *municipal disaster grant* have already been exhausted, and vice versa. The bill also allows for more than one transfer to be made to areas affected by disasters, so that initial emergency aid can be provided before a full assessment of damages and costs is complete. Over the MTEF period, R887.9 million is available for disbursement through this grant. To ensure that sufficient funds will be available for disaster

relief, section 20 of the Division of Revenue Bill has been revised to allow funds from other conditional grants to be reallocated to fund disaster relief, subject to the National Treasury's approval.

■ Part 6: Future work on provincial and municipal fiscal frameworks

The fiscal frameworks for provincial and local government encompass all their revenue sources and expenditure responsibilities. As underlying social and economic trends evolve and the assignment of intergovernmental functions change, so must the fiscal frameworks. The National Treasury, together with relevant stakeholders, conducts continuous reviews to ensure that provinces and municipalities have an appropriate balance of available revenues and expenditure responsibilities, while taking account of the resources available and the principles of predictability and stability. This part of the annexure describes the main areas of work to be undertaken during 2016/17 as part of the ongoing review and refinement of the intergovernmental fiscal framework. Provinces and municipalities will be consulted on all proposed changes to the fiscal frameworks.

Review of the provincial equitable share formula

The Constitution stipulates that provinces are entitled to a share of nationally raised revenue to deliver on their mandates. The current process of dividing up provincial funds uses a formula that considers the spread of the burden of service delivery across provinces. The provincial equitable share formula contains weighted elements that reflect government priorities and incorporates elements to redress inequality and poverty across provinces. Over time, the formula, like any budgetary allocation tool, may no longer mirror the realities provinces face. As such, there is a need for periodic review of the formula to assess its continued appropriateness and equity. In 2016, the National Treasury will start a detailed review of the equitable share formula. The Technical Committee on Finance and the Budget Council will be consulted as part of this work.

The role of provinces in promoting economic development

Provinces and municipalities play a crucial role in advancing the economic development of their respective precincts. Fully functional, well-equipped schools will produce a vibrant and employable workforce. Smarter health systems develop and maintain the health of the workforce. Provincial agriculture departments' support to farmers can stimulate rural development. The provision of provincial and municipal roads and public transport services ensures mobility for goods and workers, while basic municipal services such as water, electricity and refuse removal, as well as business licencing and environmental health functions, enable businesses to operate and grow. Well-managed procurement can maximise developmental impact without compromising efficiencies.

Government in all three spheres must work with businesses and other relevant stakeholders to provide an enabling environment for the faster and more inclusive economic growth called for in the National Development Plan. Since 2015, national and provincial treasuries have been working together through a task team of the Technical Committee on Finance to better define the role provinces should play in promoting economic development. This will enable provinces to maximise their impact on provincial economies in future.

National health insurance policy work

The National Health Insurance White Paper was released on 11 December 2015 for public comment. The Technical Committee on Finance will review the white paper, with a focus on the impact it will have on provinces. The aim is to assess the restructuring of the health system, particularly primary healthcare, necessary to ensure the success of national health insurance in South Africa.

Local government grants

The system of transfers to local government is continuously being reviewed and refined to improve the effectiveness and value for money achieved from the funds transferred to municipalities. The local government equitable share was reviewed in 2012 and local government infrastructure grants were reviewed between 2013 and 2015. In 2016, the National Treasury will lead the continued implementation of the previous reviews' recommendations, and make further improvements to the effectiveness of local government capacity-building allocations.

Reforms to infrastructure grants in the period ahead will focus on:

- Improving asset management incentives and enhancing the new provisions in infrastructure grants that allow funds to be spent on refurbishment.
- Strengthening grant management practices in national departments.
- Continuing to consolidate urban infrastructure grants.

Supporting cities to promote urban spatial transformation and economic growth

Cities, through delivery of infrastructure and services, play an important role in creating a conducive environment for inclusive growth, job creation and poverty eradication. To achieve this will require well-managed spatial transformation of cities. Government is exploring changes to the fiscal and regulatory structures for urban municipalities to ensure that they have sufficient and effective instruments to mobilise revenue for financing municipal strategic infrastructure capable of promoting growth.

Potential changes to the structure of the fiscal framework include:

- Consolidating urban grants and enhancing the use of performance incentives with transfers, such as with the *integrated cities development grant* (this work will form part of the review of local government infrastructure grants).
- Enabling greater flexibility in the use of grants to accelerate the implementation of catalytic investments.
- Enabling cities to leverage grant and own-revenue funds over a longer period for strategic projects.

These measures will be complemented by reviews of, and potential changes to, the regulatory structures for development charges, municipal borrowing and metropolitan municipalities' own-revenue powers.

Any potential changes to the fiscal and regulatory systems will also be accompanied by additional technical support to further strengthen the capacity of cities to take advantage of these changes. The Cities Support Programme is coordinating initiatives in this area. Cities are already receiving expanded project preparation support to help them build a pipeline of strategic investment projects that can attract private finance. In addition, the Development Bank of Southern Africa is increasing its assistance to give cities better access to funding for strategic projects by enhancing their appraisal and supervision arrangements or extending the average debt maturity.

Regulating development charges

Municipalities charge developers a once-off fee before approving land development applications. The National Treasury has consulted with stakeholders on the draft policy framework for municipal development charges. The draft policy will be published for public comment following Cabinet's approval. The Municipal Fiscal Powers and Functions Amendment Bill has been drafted to make provision for the regulation of development charges. Due to a new requirement to conduct a socio-impact analysis on new legislation or amendments to existing legislation, the amendment bill will be published at the beginning of 2016/17.

Reforming municipal borrowing

Long-term borrowing can be an effective way for municipalities to finance infrastructure development. However, responsible borrowing requires an appropriate institutional framework and financial controls. The Policy Framework for Municipal Borrowing and Financial Emergencies (1999) and the Municipal Finance Management Act set out a range of measures to facilitate responsible municipal borrowing. These measures deal with issues such as sovereign risk, credit enhancements, maturities, avoidance of direct government assistance, and liquidity through the development of secondary markets.

However, there are still some bottlenecks that impede municipalities' full participation in the debt market to mobilise resources for infrastructure development. In August 2015, the National Treasury and the Department of Cooperative Governance organised the Urban Investment Partnership Conference, which aimed to renew and strengthen collaboration between government and the private sector on urban investment needs and opportunities. A working group has since been established as a platform for regular engagements between metropolitan municipalities, commercial banks, institutional investors, the National Treasury, the Development Bank of Southern Africa, development finance institutions and SALGA. The platform aims to jointly develop practical solutions for funding infrastructure in metropolitan municipalities that will support inclusive growth.

The working group will focus on:

- Finding innovative infrastructure financing instruments and mechanisms
- Updating the municipal borrowing policy framework.

Reviewing own-revenue sources for metropolitan municipalities

The review of metropolitan municipalities' own-revenue sources, led by the National Treasury in collaboration with the Department of Cooperative Governance, SALGA, the FFC and metropolitan municipalities, is ongoing. The review's first phase was completed in October 2015. The final report on the socioeconomic profile of metropolitan municipalities can be accessed on the National Treasury's website (www.treasury.gov.za).

The second phase of the review has started, with a focus on assessing whether the own-revenue sources of metropolitan municipalities are adequate to meet their service delivery and development mandates. The review aims to understand the underlying challenges faced by cities, which will inform the appropriate support to improve municipal revenue and/or the necessity for an additional local tax instrument to complement property rates. The review's outcomes and recommendations will be presented to the Budget Forum in October 2016 for adoption and approval.

ANNEXURE W2:

**FRAMEWORKS FOR CONDITIONAL
GRANTS TO PROVINCES**

Annexure W2: Frameworks for Conditional Grants to Provinces

Detailed frameworks on Schedule 4, Part A; Schedule 5, Part A; Schedule 6, Part A; and Schedule 7, Part A grants to provinces

Introduction

This annexure provides a brief description of the framework for the grants set out in Schedule 4, Part A; Schedule 5, Part A; Schedule 6, Part A; and Schedule 7, Part A of the 2016 Division of Revenue Bill. The following are key areas considered for each grant:

- Strategic goal and purpose of the grant
- Outcome statements and outputs of the grant
- Priority outcome(s) of government that the grant primarily contributes to
- Conditions of the grant (additional to what is required in the Bill)
- Criteria for allocation between provinces
- Rationale for funding through a conditional grant
- Past performance
- The projected life of the grant
- 2016 MTEF allocations
- The payment schedule
- Responsibilities of transferring national department and receiving provincial departments
- Process for approval of business plans for 2017/18

The attached frameworks are not part of the Division of Revenue Bill, but are published in order to provide more information on each grant to parliament, legislatures, municipal councils, officials in all three spheres of government and the public. Once the 2016 Division of Revenue Bill is enacted, these frameworks will be gazetted in terms of the Act.

The financial statements and annual reports for 2016/17 will report against the Division of Revenue Act, Division of Revenue Amendment Act and their schedules, and the grant frameworks as gazetted in terms of the Act. Such reports must cover both financial and non-financial performance, focusing on the outputs achieved.

AGRICULTURE, FORESTRY AND FISHERIES GRANTS

Comprehensive Agricultural Support Programme Grant	
Transferring department	<ul style="list-style-type: none"> • Agriculture, Forestry and Fisheries (Vote 24)
Grant schedule	<ul style="list-style-type: none"> • Schedule 5A
Strategic goal	<ul style="list-style-type: none"> • To create a favourable and supportive agricultural services environment for the farming community, in particular subsistence, smallholder and black commercial farmers
Grant purpose	<ul style="list-style-type: none"> • To provide effective agricultural support services, promote and facilitate agricultural development by targeting beneficiaries of land reform, restitution and redistribution and other black producers who have acquired land through private means and are engaged in value-adding enterprises domestically, or involved in exports • To address damage to infrastructure caused by floods
Outcome statements	<ul style="list-style-type: none"> • Broadened access to agricultural support for subsistence, smallholder and black commercial farmers • Improved household and national food security • Improved farming efficiency • Increased wealth creation and sustainable employment in rural areas • Increased access to markets by beneficiaries of Comprehensive Agriculture Support Programme (CASP) • Reliable and accurate agricultural information available for management decision making
Outputs	<ul style="list-style-type: none"> • Farmers supported per category (subsistence, smallholder and black commercial farmers) • Youth, women and farmers with disabilities supported through CASP • On - and off - farm infrastructure provided and repaired • Land under agricultural production (crop and livestock) • Yields per unit area • Beneficiaries of CASP trained on farming methods or opportunities along the value chain • Beneficiaries of CASP accessing markets • Jobs created • Extension personnel recruited and maintained in the system • Extension officers upgrading qualifications at various institutions • Agriculture Information Management System (AIMS) implemented in all 9 provinces
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> • Outcome 4: Decent employment through inclusive economic growth • Outcome 5: A skilled and capable workforce to support an inclusive growth path • Outcome 7: Comprehensive rural development and land reform
Details contained in the business plan	<ul style="list-style-type: none"> • Outcome indicators • Outputs indicators • Inputs • Key activities • Monitoring framework • Risks and mitigation strategies
Conditions	<ul style="list-style-type: none"> • The funding for this grant can be spent using the following prescription: <ul style="list-style-type: none"> ○ at most 20 per cent of project allocation to support Fetsa Tlala initiatives ○ at most 55 per cent of project allocation to support the Agriculture Policy Action Plan (APAP) ○ at most 5 per cent of project allocation on Agricultural Information Management System (AIMS) ○ at least 10 per cent of project allocation on market access and development ○ at most 10 per cent of project allocation on training and capacity building of farmers • A central (AIMS) to be implemented by eight provinces (Western Cape is already implementing the system) to ensure a harmonised system that integrates and collates information to the national and provincial level (vice versa). The following contribution per province will be made to the National Agricultural Marketing Council (coordinating the development of the system) for the implementation of AIMS <ul style="list-style-type: none"> ○ Eastern Cape R9 million ○ Free State R9 million ○ Gauteng R9 million ○ KwaZulu-Natal R9 million ○ Limpopo R9 million ○ Mpumalanga R9 million ○ Northern Cape R4.5 million (R4.5 million contribution already made) ○ North West (full contribution made) • Provinces must adhere to the CASP standard operating procedure (SOP) framework when implementing projects • Only business plans approved by established committees and authorities will receive funds from the CASP grant • All assisted farmers should be listed in the provincial and national farm registers • The provincial departments must confirm human resources capacity to implement CASP business plan by 28 March 2016 • All receiving departments must abide by the Public Finance Management Act (PFMA), Treasury Regulations and the 2016 Division of Revenue Act (DoRA) when executing projects and for reporting purposes

Comprehensive Agricultural Support Programme Grant	
	<ul style="list-style-type: none"> Funds will be transferred as per the disbursement schedule approved by National Treasury Provinces to inform the national transferring officer of any changes from plans and allocations approved by the transferring officer of the Department of Agriculture, Forestry and Fisheries (DAFF), within seven days of such change, and such changes must be approved by the transferring officer before they are implemented The provincial business plans must be signed off by the Heads of Departments of the provincial agriculture department in collaboration with Chief Financial Officers or their representatives The signed business plan for CASP must be submitted to DAFF for approval Allocation for agricultural colleges must only be used to revitalise infrastructure and equipment at these colleges as determined in the master plan Allocations for natural disasters must only be used for the repair of infrastructure damaged by natural disasters declared in the Government Gazette and as assessed by the National Disaster Management Centre (NDMC). The allocations for 2016/17, for infrastructure damaged by floods are as follows: <ul style="list-style-type: none"> Limpopo: R16 million Mpumalanga: R20 million Western Cape: R41 million Business plans for the allocated disaster funds must be in line with the post disaster verification assessment reports, and must be submitted to the NDMC and DAFF for approval Quarterly performance reports on disaster allocations must be submitted to the NDMC and DAFF The CASP grant will be top sliced by R60 million over the 2016 MTEF (R10 million 2016/17 R20 million 2017/18, and R30 million 2018/19) in order for DAFF to provide an oversight and monitoring function for the grant
Allocation criteria	<ul style="list-style-type: none"> The formula used to allocate funds is a weighted average of the following variables: previous CASP performance, agricultural land area, restituted and redistributed land delivered, households involved in agriculture (General Household Survey 2014), and current benchmarks on production and national policy imperatives
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> Agriculture is identified as a game changer and investment in agriculture must be guided under strict conditions to achieve aspirations of the National Development Plan The responsibility for the programme rests with DAFF while provincial departments of agriculture are implementing agents
Past performance	<p>2014/15 audited financial outcomes</p> <ul style="list-style-type: none"> Allocated and transferred R1.9 billion to provinces, of which R1.8 billion (96.6 per cent) was spent by the end of the national financial year <p>2014/15 service delivery performance</p> <ul style="list-style-type: none"> 114 102 beneficiaries were supported from 783 implemented projects 5 673 jobs created 19 204 farmers trained in targeted training programmes A total of 101 extension officers were recruited nationally A total of 437 extension officers registered for qualification upgrading 11 agricultural colleges with ongoing infrastructure upgrading 155 farmers benefited from repair of infrastructure damaged by flood disasters (114 agricultural infrastructure, 6 soil rehabilitation and 35 production inputs) 211 jobs created through implementation of flood disaster scheme
Projected life	<ul style="list-style-type: none"> Grant continues until 2018/19, subject to review
MTEF allocations	<ul style="list-style-type: none"> 2016/17: R1.6 billion; 2017/18: R1.7 billion; and 2018/19: R1.8 billion
Payment schedule	<ul style="list-style-type: none"> Four instalments: 25 April 2016, 22 August 2016, 24 October 2016 and 23 January 2017
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> Agree on outputs and targets with provincial departments in line with grant objectives for 2016/17 Provide the guidelines and criteria for the development and approval of business plans Provide template for project registration and reporting Monitor monthly financial expenditure by provinces and conduct sampled project site visits quarterly Submit monthly financial reports to National Treasury 20 days after the end of the month Submit quarterly performance reports to National Treasury within 45 days after the end of each quarter Submit annual evaluation of performance report to National Treasury within four months after the end of the financial year Oversee and monitor implementation of the grant during ministerial technical committee on agriculture and quarterly review meetings <p>Responsibilities of the provincial departments</p> <ul style="list-style-type: none"> Provinces to adhere to the conditions of this framework and DORA Provinces to submit detailed project list as per DAFF's project list template Provinces to report monthly (financial) 15 days after the end of each month, and quarterly (non-financial) 20 days after the end of each quarter, and annually two months after the end of the financial year on the progress and achievements of the programme Provinces to implement the approved CASP business plans All receiving departments must abide by the PFMA, Treasury Regulations and the 2016 DoRA when executing projects as well as for reporting purposes

Comprehensive Agricultural Support Programme Grant	
	<ul style="list-style-type: none"> • Provinces to inform the transferring officer of any changes from plans and allocations approved by the Director-General for DAFF, within seven days of such a change, and such changes must be approved by the transferring officer before they are implemented • Assign and delegate officials to manage and monitor the implementation of the programme before April 2017 • Keep record of projects supported and a farmer register • Monitor project implementation on a quarterly basis and evaluate the impact of projects in achieving CASP goals • Submit quarterly performance reports on disaster allocations to the provincial disaster management centres and DAFF, within 20 days after the end of each quarter • Submit quarterly project performance reports to DAFF
Process for approval of the 2017/18 business plans	<ul style="list-style-type: none"> • Provide provincial departments with business plan format, guidelines, criteria and outputs as prescribed by National Treasury by 30 May 2016 • Submission of provincial CASP business plans by provinces on 30 September 2016 • Engagement with provinces (pre-national assessment panel) on submitted business plans between October and November 2016 prior to final national assessment panel meeting • Evaluation and recommendation of business plans by the national assessment panel between November 2016 and February 2017 • Send funding agreements to provinces between February and March 2017 to be signed by Heads of Departments, Chief Financial Officers and CASP coordinators • Approval of business plans by the transferring officer before 31 March 2017 • Inform provinces of approval of the business plans in March or April 2017 • Approval by the transferring officer regarding 2017 business planning process compliance during April 2017, and send to National Treasury by end April 2017

Ilima/Letsema Projects Grant	
Transferring department	<ul style="list-style-type: none"> • Agriculture, Forestry and Fisheries (Vote 24)
Grant schedule	<ul style="list-style-type: none"> • Schedule 5A
Strategic goal	<ul style="list-style-type: none"> • To reduce poverty through increased food production initiatives
Grant purpose	<ul style="list-style-type: none"> • To assist vulnerable South African farming communities to achieve an increase in agricultural production and invest in infrastructure that unlocks agricultural production
Outcome statements	<ul style="list-style-type: none"> • Increased agricultural production at both household and national level • Improved household and national food security • Improved farm income • Maximised job opportunities • Reduced poverty • Rehabilitated and expanded irrigation schemes
Outputs	<ul style="list-style-type: none"> • Land under agricultural production (crop and livestock) • Yields per hectares of land planted • Jobs created • Beneficiaries/farmers supported by the grant per category • Hectares of rehabilitated and expanded irrigation schemes
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> • Outcome 4: Decent employment through inclusive economic growth • Outcome 7: Comprehensive rural development and land reform • Outcome 10: Protect and enhance our environmental assets and natural resources
Details contained in the business plan	<ul style="list-style-type: none"> • Outcome indicators • Outputs indicators • Inputs • Key activities • Monitoring framework • Risks and mitigation strategies
Conditions	<ul style="list-style-type: none"> • 100 per cent of this grant should be allocated to support food production (crop and livestock production) in support of the Fetsa Tlala initiative, this will also include infrastructure that unlocks production e.g. rehabilitation of irrigation schemes in Northern Cape, Taung, and KwaZulu-Natal • Only vulnerable households, subsistence, smallholder and black commercial farmers not qualifying for a loan should be supported by this grant • Provincial departments to confirm human resources capacity to implement Ilima/Letsema business plans on or before 28 March 2016 • All receiving departments must abide by the Public Finance Management Act (PFMA), Treasury Regulations and the 2016 Division of Revenue Act (DoRA) when executing projects as well as for reporting purposes • All assisted farmers should be listed in the provincial and national farm registers • Provinces to inform the transferring officer of any changes from plans and allocations approved by the Director-General of Agriculture, Forestry and Fisheries, within seven days of such change and such changes must be approved by the transferring officer before they are implemented • The provincial business plans must be signed off by the Head of Department of the provincial agriculture department in collaboration with the Chief Financial Officer or their representative and co-signed by the Head of provincial treasuries • The business plans must be submitted to the Department of Agriculture, Forestry and Fisheries (DAFF)
Allocation criteria	<ul style="list-style-type: none"> • The formula used to allocate funds is a weighted average of the following variables: agricultural land available, previous homeland areas, households involved in agriculture (General Household Survey 2014), food insecure areas and national priority areas targeted for increased food production
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> • The funding originated with the special poverty allocations made by national government for a specific purpose and requires tight conditionality to achieve the goals of the programme • The responsibility for the programme rests with DAFF while provincial departments of agriculture are implementing agents
Past performance	2014/15 audited financial outcomes <ul style="list-style-type: none"> • Allocated and transferred R461 million, of which R484 million (99.2 per cent) was spent by the end of the national financial year
	2014/15 service delivery performance <ul style="list-style-type: none"> • 22 335 jobs were created • 191 396 beneficiaries were supported by the programme • 56 939 households were supported with starter packs and production inputs • 128 080 hectares ploughed and 136 252 hectares of land planted
Projected life	<ul style="list-style-type: none"> • Grant continues until 2018/19, subject to review
MTEF allocations	<ul style="list-style-type: none"> • 2016/17: R491 million; 2017/18: R522 million; and 2018/19: R552 million
Payment schedule	<ul style="list-style-type: none"> • Four instalments: 25 April 2016, 22 August 2016, 24 October 2016 and 23 January 2017

Ilima/Letsema Projects Grant	
Responsibilities of the transferring officer and receiving officer	Responsibilities of the national department <ul style="list-style-type: none"> • Agree on outputs and targets with provincial departments in line with grant objectives for 2016/17 • Monitor implementation of the grant during ministerial technical committee on Agriculture and quarterly review meetings • Provide the guidelines and criteria for the development and approval of business plans • Monitor monthly financial expenditure by provinces and conduct sampled project site visits quarterly • Submit monthly financial reports to the National Treasury 20 days after the end of the month • Submit quarterly performance reports to the National Treasury within 45 days after the end of each quarter • Submit annual performance reports to the National Treasury within four months after the end of the financial year
	Responsibilities of the provincial departments <ul style="list-style-type: none"> • Provinces to adhere to the conditions of this framework and DoRA • Provinces to report monthly (financial) 15 days after the end of each month, and quarterly (non-financial) 30 days after the end of each quarter, and annually two months after the end of the financial year on the progress and achievements of the programme • Provinces to implement the Ilima/Letsema business plans as approved • All receiving departments must abide by the Public Finance Management Act, Treasury regulations and the DoRA when executing projects as well as for reporting purposes • Provinces to inform the transferring officer of any changes from plans and allocations approved by the Director-General for Agriculture, Forestry and Fisheries, within seven days of such a change, and such changes must be approved by the transferring officer before they are implemented • Assign and delegate officials to manage and monitor the implementation of the programme • Monitor project implementation and evaluate the impacts of projects in achieving Ilima/Letsema goals
Process for approval of the 2017/18 business plans	<ul style="list-style-type: none"> • Submission of provincial and individual Ilima/Letsema business plans by provinces on 30 September 2016 • Engagement with provinces on submitted business plans during October 2016 prior to national assessment panel • Evaluation and recommendation of business plans by national assessment panel between November 2016 and February 2017 • Send funding agreements to provinces by February/March 2017 to be signed by Head of Departments, Chief Financial Officers, and Ilima/Letsema coordinators • Approval of business plans by the Director-General before 31 March 2017 • Inform provinces of approval of the business plans in March or April 2017 • Approval by the transferring officer regarding 2017 business planning process compliance during April 2017, and send to National Treasury by end April 2017

Land Care Programme Grant: Poverty Relief and Infrastructure Development	
Transferring department	<ul style="list-style-type: none"> • Agriculture, Forestry and Fisheries (Vote 24)
Grant schedule	<ul style="list-style-type: none"> • Schedule 5A
Strategic goal	<ul style="list-style-type: none"> • To optimise productivity and sustainability of natural resources leading to greater productivity, food security, job creation and better quality of life for all
Grant purpose	<ul style="list-style-type: none"> • To promote sustainable use and management of natural resources by engaging in community based initiatives that support the pillars of sustainability (social, economic and environmental), leading to greater productivity, food security, job creation and better well-being for all
Outcome statements	<ul style="list-style-type: none"> • Improved veld carrying capacity and livestock productivity • Improved production potential of arable land leading to increased yield • Improved quantity and quality of South Africa's water resources by mitigating disaster risks for the sector • Improved youth participation in the agricultural sector and intergenerational transfer of skills • Improved custodianship and stewardship of natural resources through community based ownership • Improved livelihoods of rural communities within the ambit of the green economy • Improved partnerships with private, public and community sectors that are responsible for natural resources • Improved knowledge and skills base in the sustainable use and management of natural resources • Enhanced ecosystem services for current and future generations
Outputs	<ul style="list-style-type: none"> • Hectares of rangeland protected and rehabilitated • Hectares of land protected and rehabilitated • Number of Junior Care participants involved in the programme • Number of hectares of land where water resources are protected and rehabilitated • Number of capacity building initiatives conducted for Junior Care • Number of capacity building initiatives conducted for Land Carers • Number of awareness campaigns conducted and attended by Land Carers • Number of Land Care committees/Land Care groups established • Hectares of land where weeds and invader plants are under control • Number of kilometres of fence erected • Number of green jobs created expressed as Full Time Equivalents (FTEs)
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> • Outcome 4: Decent employment through inclusive economic growth • Outcome 7: Comprehensive rural development and land reform • Outcome 10: Protect and enhance our environmental assets and natural resources
Details contained in the business plan	<ul style="list-style-type: none"> • Outcome indicators • Outputs indicators • Inputs • Cash flow projections and statement of work • Key activities/implementation plan • Monitoring and evaluation • Risk and mitigation • Exit strategy
Conditions	<ul style="list-style-type: none"> • Provinces must confirm capacity to implement projects and operational funding before funds can be transferred • Provincial departments' annual performance plans for 2016/17 must clearly indicate measurable objectives and performance targets as per business plans approved by the Department of Agriculture, Forestry and Fisheries (DAFF) • The impact of the Land Care programme should also be quantified (before and after) during initiation, implementation and handing over phases of the projects • Provinces should report their financial performance per project on a monthly basis as per Division of Revenue Act (DoRA) deadlines • Provinces should on a monthly basis report on the number of jobs created in line with Expanded Public Works Programme (EPWP) reporting requirements. The report should, amongst other requirements, indicate for each participant their name, surname, identity number, gender, project name, wage and duration of employment • Projects should adhere to the reporting dates as stipulated in the DoRA, and furthermore adhere to the agreed dates as approved by the natural resource management working group (NRMWG) and provide beneficiary evidence on work done
Allocation criteria	<ul style="list-style-type: none"> • Allocations are based on an index comprising of nodes, land capability, poverty, degradation and land size derived from the following sources: <ul style="list-style-type: none"> ○ nodes of the most deprived wards in comprehensive rural development programme ○ land capability = total hectares class I, II and III (spatial analysis - land capability data) ○ size = hectares (new boundaries from the Municipal Demarcations Board) ○ poverty = poverty gap based on food poverty line (Statistics South Africa Living Conditions Survey 2008/9) ○ degradation = hectares (National Land Cover 2000)

Land Care Programme Grant: Poverty Relief and Infrastructure Development	
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> The funding originated with the special poverty allocations made by national government for a specific purpose
Past performance	<p>2014/15 audited financial outcomes</p> <ul style="list-style-type: none"> Allocated R68 million and transferred R68 million (100 per cent) to provinces, of which provinces spent R67 million (98.7 per cent) by the end of the national financial year <p>2014/15 service delivery performance</p> <ul style="list-style-type: none"> 13 761 youth participated in the Junior Care management sub-programme 11 661 hectares of land on which alien invasive plants were eradicated 27 603 hectares of grazing area improved 103 hectares of wetlands protected 35 water sources developed or protected against over-utilisation 69 gabion structures constructed 374 hectares of farm land improved through conservation measures in all nine provinces 11 974 beneficiaries have improved capacity and skill levels via capacity building initiatives 1 068 Full Time Equivalent jobs created through Land Care programme
Projected life	<ul style="list-style-type: none"> This grant will be reviewed when and if the need arises to align it with changes in the EPWP, outcome approach, national planning report and any policy development within government
MTEF allocations	<ul style="list-style-type: none"> 2016/17: R69 million; 2017/18: R74 million; and 2018/19: R78 million
Payment schedule	<ul style="list-style-type: none"> 10 per cent, 25 April 2016; 35 per cent, 22 August 2016; 35 per cent, 24 October 2016 and 20 per cent: 23 January 2017
Responsibilities of the transferring and receiving officers	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> Agree on outputs and targets with provincial departments in line with grant objectives for 2016/17 Review norms and standards for the implementation of the grant during the NRMWG meeting held quarterly Provide the guidelines and criteria for the development and approval of business plans Monitor implementation through project site visits and provide support to provinces Submit quarterly performance reports to the National Treasury within 45 days after the end of each quarter Submit evaluation reports to the National Treasury within four months after the end of the financial year <p>Responsibilities of the provincial departments</p> <ul style="list-style-type: none"> Provincial departments to report monthly (financial) and quarterly (non-financial) on the progress of the projects as prescribed by DoRA. Provinces should further adhere to agreements approved by the NRMWG on performance reporting and any other matter related to natural resource management Provincial departments to report monthly jobs created as part of the EPWP. These reports should be submitted to the Department of Public Works using the approved reporting system Provinces should further report jobs created to the DAFF using the prescribed Department of Public Works reporting template/format on or before the 15th of every month Provincial departments to implement the projects according to the approved business plans. Any deviation should first be communicated to DAFF in writing and approved by DAFF before implementation Provinces must hold provincial assessment panels that are inclusive of relevant partners before submission of preliminary individual and provincial business plans to DAFF by 30 September 2016 Provincial departments should monitor project implementation and evaluate the impacts of projects in achieving Land Care goals Provinces to submit evaluation reports to DAFF two months after the end of the financial year
Process for approval of the 2017/18 business plans	<ul style="list-style-type: none"> DAFF provides provincial departments with business plan format, guidelines, criteria and outputs as prescribed by National Treasury and DAFF by June 2016 Submission of signed preliminary provincial and individual Land Care business plans by provinces on or before 30 September 2016 Engagement by DAFF with provinces on business plans submitted before provincial assessment panel and prior to the national assessment panel Evaluation and recommendation of business plans by national assessment panel before end of February 2017 Interactions with provinces on national assessment panel comments and final submission of signed individual and provincial business plans by the provinces prior to approval by the transferring officer of DAFF Approval of business plans by the DAFF transferring officer before end of March 2017 Notify provinces of the approval of business plans before 31 March 2017 Send funding agreements to provinces by March 2017 to be signed by the Heads of Departments, Chief Financial Officers and Land Care coordinators

ARTS AND CULTURE GRANT

Community Library Services Grant	
Transferring department	<ul style="list-style-type: none"> Arts and Culture (Vote 37)
Grant schedule	<ul style="list-style-type: none"> Schedule 5A
Strategic goal	<ul style="list-style-type: none"> To enable the South African society to gain access to knowledge and information that will improve their socio-economic status
Grant purpose	<ul style="list-style-type: none"> To transform urban and rural community library infrastructure, facilities and services (primarily targeting previously disadvantaged communities) through a recapitalised programme at provincial level in support of local government and national initiatives
Outcome statements	<ul style="list-style-type: none"> Improved coordination and collaboration between national, provincial and local government on library services Equitable access to transformed library and information services delivered to all rural and urban communities Improved library infrastructure and services that reflect the specific needs of the communities they serve Improved staff capacity at urban and rural libraries to respond appropriately to community knowledge and information needs Improved culture of reading
Outputs	<ul style="list-style-type: none"> 410 000 items of library materials (books, periodicals, toys etc) purchased Library Information and Communication Technology (ICT) infrastructure and systems using open source software in all provinces Library material and services for the visually impaired at community libraries in five provinces (Eastern Cape, KwaZulu-Natal, Mpumalanga, North West and Western Cape) 23 new library structures completed 15 new library services established for dual-purpose libraries 55 upgraded and maintained library structures 1 676 existing contract library staff maintained in all provinces 40 new staff appointed for dual-purpose libraries 80 new staff appointed at public libraries to support the shifting of the function to provinces Capacity building programmes for public librarians
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> Outcome 1: Quality basic education Outcome 14: Nation building and social cohesion
Details contained in the business plan	<ul style="list-style-type: none"> Outcome indicators Output indicators Inputs Key activities
Conditions	<ul style="list-style-type: none"> The provincial business plans must be developed in accordance with identified priority areas To qualify for allocations from the grant in 2017/18 provinces must submit progress reports that detail a phased approach towards the full funding of the function, either by assignment to municipalities, or preparation of provinces to take over the function, or a combination of both. This must be done by the end of the 2016 MTEF. Grant funding must not be used to replace funding for items that provinces have previously allocated to community libraries Provinces may use a maximum of five per cent of the total amount allocated to them for capacity building and provincial management of the grant The details of how these funds will be used must be included in the respective business plans Funds added to the grant to address the Schedule 5 function shift imperative in category B municipalities, may only be used to support the function shift and to establish dual purpose facilities. Provinces may use up to 80 per cent of the ring-fenced allocations in the 2016/17 financial year but this funding cannot replace funding for items that provinces have previously allocated to community libraries At least 20 per cent of the additional allocations must be used to establish dual purpose service points in collaboration with provincial departments of Basic Education. The detail of how these funds will be used by provinces must be included in their respective business plans. The total additional allocations per provinces are as follows: <ul style="list-style-type: none"> Eastern Cape: R61 million Free State: R77 million Gauteng: R83 million KwaZulu-Natal: R74 million Limpopo: R26 million Mpumalanga: R58 million Northern Cape: R63 million North West: R52 million Western Cape: R74 million Service level agreements (SLAs) determining reporting protocols must be signed with receiving municipalities within two months after the 2016 Division of Revenue Act (DoRA) takes effect The SLAs must include financial commitments over the MTEF in addition to the payment schedules to

Community Library Services Grant	
	municipalities and reporting protocols which outline measurable performance targets for each municipality
Allocation criteria	<ul style="list-style-type: none"> The allocation criteria is based on an evaluation report for 2014/15 conducted by the national Department of Arts and Culture (DAC) which identified community library needs and priorities
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> This funding is intended to address backlogs and disparities in the ongoing provision and maintenance of community library services across provinces, and enable the DAC to provide strategic guidance and alignment with national priorities
Past performance	2014/15 audited financial outcomes <ul style="list-style-type: none"> Allocated R1 billion, R1.1 billion (100 per cent of allocation) was transferred to provinces inclusive of provincial roll-overs, of which R906 million (86.2 per cent) was spent by provinces by the end of the national financial year
	2014/15 service delivery performance <ul style="list-style-type: none"> 20 libraries upgraded 17 libraries built 255 new staff appointed 54 bursaries maintained
Projected life	<ul style="list-style-type: none"> The projected life will be informed by evaluation reports and should become part of the provincial equitable share in 2018/19 if provinces have completed the function shift and completed a process that leads to the full funding of the service
MTEF allocations	<ul style="list-style-type: none"> 2016/17: R1.4 billion; 2017/18: R1.4 billion; and 2018/19: R1.5 billion
Payment schedule	<ul style="list-style-type: none"> Four instalments: 22 April 2016; 15 July 2016; 14 October 2016 and 31 January 2017
Responsibilities of the transferring officer and receiving officer	Responsibilities of the national department <ul style="list-style-type: none"> Finalise a framework for planning the allocation of library funding at the provincial level by 31 March 2017 that must prescribe minimum norms and standards for the provision of public libraries Establish an intergovernmental forum with provinces that meets at least twice a year to discuss issues related to the provision of community library services Participate in at least one intergovernmental forum meeting per province between provinces and municipalities Identify challenges and risks and prepare mitigation strategies Monitor and evaluate implementation Evaluate annual performance of the grant for the previous financial year, for submission to National Treasury within four months after the end of the financial year Submit monthly financial and quarterly reports to the National Treasury Determine outputs and targets for 2017/18 with provincial departments
	Responsibilities of the provincial departments <ul style="list-style-type: none"> Provinces must establish intergovernmental forums with municipalities within their province that are funded through this grant, that meet at least three times a year to discuss issues related to the provision of community library services Provincial departments must establish capacity to monitor and evaluate SLAs with municipalities Submit evaluation reports to the DAC within two months after the end of the financial year Submit signed monthly financial reports including the quarterly expenditure reports of municipalities to the DAC Submit quarterly performance reports to the DAC within 30 days after the end of the quarter
Process for approval of the 2017/18 business plans	<ul style="list-style-type: none"> Provinces must submit a draft progress report for comment to DAC by 5 August 2016. A final report must be submitted by 3 October 2016 Progress reports must detail at least the following: <ul style="list-style-type: none"> criteria that will be used to evaluate the capacity of municipalities to administer the function on behalf of the province a policy framework for funding municipalities that administer the service this framework must provide for funding the service over a six year time horizon Provinces to submit draft business plans to DAC by 7 September 2016. Business plans must be aligned to their strategies for full funding of the function DAC to evaluate provincial business plans and provide feedback to provinces by 28 October 2016 Provinces to submit final provincial business plans to DAC by 13 January 2017 DAC approves business plans and submits them to National Treasury by 31 March 2017

BASIC EDUCATION GRANTS

Education Infrastructure Grant	
Transferring department	<ul style="list-style-type: none"> Basic Education (Vote 14)
Grant schedule	<ul style="list-style-type: none"> Schedule 4A
Strategic goal	<ul style="list-style-type: none"> To supplement provinces to fund provincial education infrastructure
Grant purpose	<ul style="list-style-type: none"> To help accelerate construction, maintenance, upgrading and rehabilitation of new and existing infrastructure in education including district and circuit accommodation To enhance capacity to deliver infrastructure in education To address damage to infrastructure caused by natural disasters To address achievement of the targets set out in the minimum norms and standards for school infrastructure
Outcome statements	<ul style="list-style-type: none"> Improved quality education service delivery by provincial departments as a result of an improved and increased stock of schools infrastructure Aligned and coordinated approach to infrastructure development at the provincial sphere Improved education infrastructure expenditure patterns Improved response to the rehabilitation of school infrastructure affected by natural disasters Improved rates of employment and skills development in the delivery of infrastructure
Outputs	<ul style="list-style-type: none"> Number of new schools, additional education spaces, education support spaces and administration facilities constructed as well as equipment and furniture provided Number of existing schools' infrastructure upgraded and rehabilitated Number of new and existing schools maintained Number of work opportunities created Number of new special schools provided and existing special and full service schools upgraded and maintained
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> Outcome 1: Quality basic education
Documents to be assessed as per the Performance Based Approach System guidelines	<ul style="list-style-type: none"> This grant uses a user asset management plan (U-AMP): <ul style="list-style-type: none"> the infrastructure programme management plan (IPMP) the construction procurement strategy (CPS) the capacitation strategy the Infrastructure Reporting Model (IRM) the year-end evaluation report the project proposals and concept reports
Conditions	<ul style="list-style-type: none"> Provinces may use a maximum of R38 million of this grant in 2016/17 for the appointment of public servants to their infrastructure units in line with the human resource capacitation circular published by National Treasury The flow of the first instalment of the grant depends upon receipt by the national Department of Basic Education (DBE) and provincial treasuries of: <ul style="list-style-type: none"> approved and signed-off U-AMP with prioritised project lists for the 2016 medium term expenditure framework (MTEF) and a comprehensive maintenance plan by no later than 31 March 2016. The U-AMP must also include the implementation plans for schools affected by natural disasters The flow of the second instalment depends upon receipt by DBE and provincial treasuries of the approved and signed-off: <ul style="list-style-type: none"> monthly infrastructure reports in a format determined by the National Treasury and DBE National Education Infrastructure Management System (NEIMS) assessment forms for the fourth quarter of the 2015/6 financial year no later than 22 April 2016 submit a report on the filling of posts on the approved establishment for the infrastructure unit in the format approved by National Treasury for the fourth quarter of the 2015/16 financial year no later than 22 April 2016 submit quarterly performance reports on disaster allocations, to the relevant Provincial Disaster Management Centre (PDMC) and DBE The flow of the third instalment is dependent upon receipt by DBE, the relevant provincial treasuries and the National Treasury, on a date and in a format determined by National Treasury, of the approved and signed-off: <ul style="list-style-type: none"> U-AMP for all infrastructure programmes for a period of at least 10 years (including the initial list of prioritised projects and a comprehensive maintenance plan). The 2016/17 project list must be drawn from the prioritised project list for the MTEF tabled in 2015/16 not later than 30 June 2016 monthly infrastructure reports in the format determined by National Treasury and the DBE NEIMS assessment forms for the first quarter of 2016/17 by 27 July 2016 submit a report on the filling of posts on the approved establishment for the infrastructure unit in the format approved by National Treasury for the first quarter of the 2016/17 financial year no later than 22 July 2016 the conditional grant year-end evaluation report on financial and non-financial performance no later than 31 May 2016 submission of quarterly performance reports on disaster allocations for the first quarter of 2016/17 to the PDMC and DBE

Education Infrastructure Grant	
	<ul style="list-style-type: none"> • The flow of the fourth instalment is conditional upon receipt by the DBE and relevant provincial treasuries of the approved and signed off: <ul style="list-style-type: none"> ○ monthly infrastructure reports in the format determined by National Treasury and the DBE ○ NEIMS assessment forms for the second quarter of 2016/17 by 26 October 2016 ○ Infrastructure Programme Management Plan (IPMP) for infrastructure programmes envisaged to commence within the period for the medium term expenditure framework not later than 31 August 2016 ○ construction procurement strategy for infrastructure programmes envisaged to commence within the period of the medium term expenditure framework not later than 31 August 2016 ○ submit a report on the filling of posts on the approved establishment for the infrastructure unit in the format approved by National Treasury for the second quarter of the 2016/17 financial year not later than 21 October 2016 ○ submission of quarterly performance reports on disaster allocations for the second quarter of 2016/17 to the PDMC and DBE • The flow of the fifth instalment is conditional upon receipt by the DBE and the relevant provincial treasuries, on a date determined by National Treasury, of the approved and signed-off: <ul style="list-style-type: none"> ○ monthly infrastructure reports in the format determined by National Treasury and the DBE ○ NEIMS assessment forms for the third quarter of 2016/17 to DBE not later than 23 January 2017 ○ submit a report on the filling of posts on the approved establishment for the infrastructure unit in the format approved by National Treasury for the third quarter of the 2016/17 financial year not later than 20 January 2017 ○ submission of quarterly performance reports on disaster allocations for the second quarter of 2016/17 to the PDMC and DBE • Provincial Education Departments (PEDs) must provide school governing bodies with maintenance guidelines to conduct minor maintenance. This should be in accordance with the sector maintenance strategy • PEDs must: <ul style="list-style-type: none"> ○ establish and maintain updated immovable asset registers ○ provide all the necessary equipment and furniture in the spaces provided when constructing new projects ○ seek approval from DBE, in consultation with the National Treasury, for the procurement of any mobile classrooms to be funded by this grant ○ seek approval from the DBE, in consultation with the National Treasury, for the use this grant for any purpose other than what it is intended for as prescribed in this framework • Minor maintenance functions must be budgeted and planned for at the provincial level and carried out through the district offices for non-section 21 schools. A monitoring and evaluation tool must be developed by PEDs for maintenance in section 21 schools that receive a budget through the section 21 allocation for maintenance • Funds have been earmarked within this grant for the reconstruction and rehabilitation of infrastructure damaged by natural disasters. The following amounts per province must be used for the repair of infrastructure damaged by natural disasters declared in the Government Gazette and as assessed by the National Disaster Management Centre (NDMC): <ul style="list-style-type: none"> ○ Eastern Cape: R61.6 million ○ North West: R51.4 million • Business plans for the allocated disaster funds must be in line with the post disaster verification assessment reports submitted to the NDMC • Disaster reconstruction and rehabilitation funds may only be utilised for approved projects as listed in the post disaster verification assessment reports and approved business plans • Quarterly performance reports on disaster allocations must be submitted to the NDMC • PEDs must adhere to the prescripts of the National Treasury Instruction number 2 of 2015/16 on the implementation of the school cost norms • Compliance with the conditions of this grant framework and the relevant clauses within the stipulated timeframes of the Division of Revenue Act (DoRA) • Non-compliance with any of the above conditions may result in the withholding and subsequent stopping of this grant

Education Infrastructure Grant	
Allocation criteria	<ul style="list-style-type: none"> • Allocations for 2016/17 are based on historical allocations for this grant • Allocations also include incentive based allocations as described in annexure W1 for the 2016 Division of Revenue Bill
Reason not incorporated in equitable share	<ul style="list-style-type: none"> • Funding infrastructure through a conditional grant enables the national department to ensure the delivery and maintenance of education infrastructure in a coordinated and efficient manner, and consistent with national norms and standards for school buildings
Past performance	2014/15 audited financial outcomes <ul style="list-style-type: none"> • Transferred R7.3 billion to provinces (including R398 million Accelerated Schools Infrastructure Delivery Initiatives converted allocation for the Western Cape), of which R7 billion (93 per cent) was spent by the end of the national financial year
	2014/15 service delivery performance <ul style="list-style-type: none"> • 2 395 teaching spaces, 856 administrative spaces, 605 maintenance or upgrading projects • 640 water, 643 sanitation, 175 electricity and 238 fencing infrastructure projects • 41 sports facilities were provided • The sector has provided a total of 121 new and replacement schools in respective provinces
Projected life	<ul style="list-style-type: none"> • Grant continues until 2018/19, subject to review
MTEF allocations	<ul style="list-style-type: none"> • 2016/17: R9.6 billion; 2017/18: R12.8 billion; and 2018/19 R13.5 billion
Payment schedule	<ul style="list-style-type: none"> • Transfers are made in accordance with a payment schedule approved by National Treasury
Responsibilities of the transferring officer and receiving officer	Responsibilities of the national department <ul style="list-style-type: none"> • DBE will visit selected infrastructure sites in provinces • DBE and National Treasury will support provinces to improve infrastructure delivery capacity and systems • DBE must provide guidance to provinces in planning and prioritisation • DBE must issue guidelines on the capacitation process of infrastructure units as well as the conditions attached to the utilisation of the funding • DBE and National Treasury must jointly evaluate progress with the capacitation of Provincial Infrastructure Units and provide feedback to all provinces in terms of the guidelines • DBE and National Treasury must jointly evaluate and provide feedback to all provinces on the assessment of all documents as outlined on the Performance Based Approach system guidelines • Submit quarterly performance reports on disaster allocations to NDMC and National Treasury within 45 days after the end of each quarter • DBE needs to assess the reports submitted by PEDs and provide feedback before transferring the instalment. • Submit reports to the National Treasury in terms of quarterly achievements by PEDs • Comply with the conditions of this grant framework and the relevant clauses within the stipulated timeframes of the DoRA
	Responsibilities of the provincial departments <ul style="list-style-type: none"> • PEDs must submit a signed-off monthly provincial infrastructure report on infrastructure programmes within 22 days after the end of each month to the relevant provincial treasury and DBE • Submit quarterly performance reports on disaster allocations, to the PDMC and DBE • Comply with the conditions of this grant framework and the relevant clauses within the stipulated timeframes in DoRA • PEDs must submit quarterly capacitation reports within 45 days after the end of each quarter
Process for approval of 2017/18 business plans	<ul style="list-style-type: none"> • The process for approval for the 2017 MTEF allocation will be in line with the performance based incentive approach guidelines published by National Treasury

HIV and AIDS (Life Skills Education) Grant	
Transferring department	<ul style="list-style-type: none"> • Basic Education (Vote 14)
Grant schedule	<ul style="list-style-type: none"> • Schedule 5A
Strategic goal	<ul style="list-style-type: none"> • To enhance awareness programmes offered by schools to prevent and mitigate the impact of human immunodeficiency virus (HIV) and tuberculosis (TB) • To increase knowledge, skills and confidence amongst learners and educators to take self-appropriate sexual and reproductive health decisions • To increase access to sexual and reproductive health services including HIV as well as TB services for learners and educators, with a specific focus on schools that are located in or near peri-mining and coastal areas
Grant purpose	<ul style="list-style-type: none"> • To support South Africa's HIV prevention strategy by increasing sexual and reproductive health knowledge, skills and appropriate decision making among learners and educators • To mitigate the impact of HIV and TB by providing a caring, supportive and enabling environment for learners and educators • To ensure the provision of a safe, rights-based environment in schools that is free of discrimination, stigma and any form of sexual harassment/abuse • To reduce the vulnerability of children to HIV, TB and sexually transmitted infections (STIs), with a particular focus on orphaned and vulnerable children
Outcome statements	<ul style="list-style-type: none"> • Increased HIV, STI and TB knowledge and skills amongst learners, educators and officials • Decrease in higher risk sexual behaviour among learners, educators and officials • Decreased barriers to retention in schools, in particular for vulnerable learners
Outputs	<ul style="list-style-type: none"> • 1 200 master trainers trained in the integration of sexual and reproductive health (SRH) and TB programmes into the school curriculum. Specific focus will be on the prevention of learner pregnancy, reduction of the burden of the twin epidemics of HIV and TB • 19 500 educators trained to implement SRH and TB programmes for learners to be able to protect themselves from HIV and TB, and their associated key drivers including alcohol and drug use, leading to unsafe sex, learner pregnancy and HIV infection, prioritising schools located in or near peri-mining and coastal areas with a high burden of HIV and TB infections • 6 900 school management teams and governing bodies trained to develop policy implementation plans focusing on keeping mainly young girls in school, ensuring that SRH and TB education is implemented for all learners in schools, and ensuring access to SRH and TB services. A component of training will also address multiple sexual partners among boys • Co-curricular activities on SRH and TB implemented in schools including a focus on prevention of alcohol and drug use, learner pregnancy, targeting 210 950 learners. Priority will be in the 8 education collaboration framework districts as well as schools located in or near peri-mining and coastal areas • Care and support programmes implemented to reach 186 500 learners and 19 450 educators. Expand the appointment of learner support agents to support vulnerable learners, with a specific focus on keeping girls in school, using the Care and Support for Teaching and Learning framework • 550 000 copies of curriculum and assessment policy statement compliant material, including material for learners with barriers to learning, printed and distributed to schools • Advocacy and social mobilisation events hosted with 526 250 learners, educators and school communities to review and change societal norms and values on SRH and TB including a focus on key risk behaviours such as alcohol and drug use, learner pregnancy, inter-generational and transactional sex amongst girls and to advocate for the integrated school health programmes including HIV testing and improved understanding of the transformative nature of education
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> • Outcome 1: Quality basic education • Outcome 2: A long and healthy life for all South Africans
Details contained in the business plan	<ul style="list-style-type: none"> • Outcome indicators • Output indicators • Inputs • Key activities
Conditions	<ul style="list-style-type: none"> • Provincial Education Departments (PEDs) must distribute the grant allocation in accordance with the following weights for the key performance areas: <ul style="list-style-type: none"> ○ training and development (15 per cent) ○ co-curricular activities (20 per cent) ○ care and support (25 per cent) ○ learning and teaching support material (15 per cent) ○ advocacy and social mobilisation (10 per cent) ○ monitoring and support (8 per cent) ○ management and administration (7 per cent) • PEDs must report on expenditure according to the above seven key performance areas per quarter • Instalments are dependent on the Department of Basic Education (DBE) receiving these reports, adherence to approved business plans and attendance at the biannual inter-provincial meetings • The above percentages are guidelines and may be deviated from in accordance with provincial needs with the approval of the national transferring officer. However, provinces must prioritise areas with high rates of HIV, TB, and learner pregnancy • These deviations should be informed and motivated by achievements and/or critical challenges relating to the trends in the epidemic as relevant to respective provinces and PEDs • PEDs must ensure that they have the necessary capacity and skills to manage the implementation of the grant

HIV and AIDS (Life Skills Education) Grant	
Allocation criteria	<ul style="list-style-type: none"> The education component of the provincial equitable share formula, as explained in Annexure W1 of the 2016 Division of Revenue Bill, is used to allocate the grant amongst provinces
Reason not incorporated in equitable share	<ul style="list-style-type: none"> To enable the DBE to provide overall guidance, to ensure congruency, coherence and alignment with: <ul style="list-style-type: none"> the National Strategic Plan for HIV, STIs and TB (2012–2016) DBE's Integrated Strategy on HIV, STIs and TB (2012–2016) draft National Policy on HIV, STIs and TB This enables DBE to exercise an oversight role in the implementation of the HIV and AIDS Life Skills Education programme in schools
Past performance	<p>2014/15 audited financial outcomes</p> <ul style="list-style-type: none"> From the total allocation of R252 million (including provincial roll-overs: R21 million), provinces spent R225 million (89.1 per cent) of the 91.9 per cent of the transferred funds by the end of the national financial year <p>2014/15 service delivery performance</p> <ul style="list-style-type: none"> 425 master trainers, 18 950 life orientation educators and 8 907 educators were trained in the integration of life skills in the curriculum 84 053 functional peer education programmes were undertaken, 79 475 learners enrolled on the learner retention and learner pregnancy programme, 44 703 learners enrolled in the substance use programme and 8 405 educators trained to mentor peer education in primary schools 14 520 school based support teams established, 8 028 school management teams trained to develop policy implementation plans, and 157 340 vulnerable learners identified and referred for services 673 647 sets of learning and teaching support material delivered to 16 905 schools and 11 118 first aid kits distributed to 2 070 schools Advocacy reached 277 623 learners and educators as well as 259 109 members of the school communities and 25 190 schools reaching 106 244 learners through advocacy activities focusing on the prevention of TB 11 712 schools reached through monitoring and support visits and 632 meetings held
Projected life	<ul style="list-style-type: none"> The grant will be reviewed on an ongoing basis to respond to the nature and trends in the HIV and TB epidemics
MTEF allocations	<ul style="list-style-type: none"> 2016/17: R231 million; 2017/18: R245 million; and 2018/19: R260 million
Payment schedule	<ul style="list-style-type: none"> Four instalments: 18 April 2016; 25 July 2016; 31 October 2016; and 30 January 2017
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> Identify risks and challenges impacting on provincial implementation Develop risk management strategies to address these risks Ensure synergy with national strategies and processes aimed at reducing HIV and the related chronic illnesses such as TB infection in the country together with their risk factors such as alcohol and drug use Agree on outputs and targets with PEDs in line with grant objectives and national imperatives for 2017/18 by 30 September 2016 Provide evidence-based guidance for the development of business plans based on monitoring and findings from international and national research Monitor implementation of the programme and provide support to provinces Develop partnerships with key stakeholders Submit quarterly performance reports to National Treasury within 45 days after the end of each quarter <p>Responsibilities of the provincial departments</p> <ul style="list-style-type: none"> Ensure synergy with national strategies and processes aimed at reducing HIV and TB infections and all other related issues including their risk factors such as alcohol and drug use Identify risks and challenges impacting on implementation Develop risk management strategies and implementation plans to address these risks Submit monthly expenditure reports and quarterly and annual performance reports to the DBE in line with the Division of Revenue Act (DoRA) and Public Finance Management Act Agree with the DBE on outputs and targets to ensure effective implementation of the programme Monitor implementation of the programme and provide support to districts and schools PEDs to implement the projects according to the approved business plans Any deviation should first be communicated, in writing, and approved by DBE before implementation Evaluate and submit a provincial evaluation report on the performance of the conditional grant to the DBE by 30 May 2016
Process for approval of 2017/18 business plans	<ul style="list-style-type: none"> Communication and meeting with provinces to inform targets for the next financial year by 13 October 2016 PEDs submit draft business plans to DBE for evaluation by 28 November 2016 DBE evaluates provincial business plans from 7 December 2016 Comments sent to PEDs to amend the plans by 12 January 2017 PEDs submit amended and signed plans to DBE by 27 February 2017 DBE approves provincial business plans by 31 March 2017

Maths, Science and Technology Grant	
Transferring Department	<ul style="list-style-type: none"> Basic Education (Vote 14)
Grant schedule	<ul style="list-style-type: none"> Schedule 5A
Strategic Goal	<ul style="list-style-type: none"> To strengthen the implementation of the National Development Plan (NDP) and the Action Plan 2019 by increasing the number of learners taking Mathematics, Sciences and Technology subjects, improving the success rates in the subjects and improving teachers' capabilities
Grant Purpose	<ul style="list-style-type: none"> To improve access, equity, efficiency and quality Mathematics, Science and Technology (MST) education in the country by providing support and resources to schools, teachers and learners for the improvement of MST teaching and learning at selected public schools
Outcome Statements	<ul style="list-style-type: none"> Improved access, equity, efficiency and quality Mathematics, Sciences and Technology education in the country
Outputs	<ul style="list-style-type: none"> School Support Information, Communication and Technology (ICT) resources: <ul style="list-style-type: none"> 1000 schools supplied, with computer hardware in accordance with the minimum specifications 1000 schools supplied with subject related software in accordance with the minimum specifications 50 schools supplied with broadcasting equipment in accordance with the minimum specifications 50 schools supplied with internet connectivity infrastructure (Local Area Network and or Wide Area Network) in accordance with the minimum specifications Workshop Equipment, Machinery and Tools: <ul style="list-style-type: none"> 200 Technical Schools' workshops supplied with equipment for technology subjects in accordance with the minimum specifications 200 Technical Schools' workshops supplied with machinery for technology subjects in accordance with the minimum specifications 200 Technical Schools' workshops supplied with tools for technology subjects in accordance with the minimum specifications 500 schools supplied with Mathematics and Science kits for each phase Laboratories and workshop equipment, apparatus and consumables: <ul style="list-style-type: none"> 500 laboratories supplied with apparatus for Mathematics and Science subjects in accordance with the minimum specifications 371 laboratories supplied with CAT and IT computer hardware, software and supporting accessories 1000 laboratories and workshops supplied with consumables for Mathematics, Sciences and Technology subjects in accordance with the minimum specifications Learner Support <ul style="list-style-type: none"> 90 000 learners registered for participation in Mathematics, Science and Technology Olympiads/Fairs/Expos and other competitions Teacher Support <ul style="list-style-type: none"> 1 500 participants attending specific training and orientation for teachers and subject advisors in subject content and teaching methodologies on CAPS for Electrical, Civil and Mechanical Technology, Technical Mathematics, and Technical Sciences 500 participants attending targeted training in teaching methodologies and subject content for Mathematics, Physical, Life, Natural and Agricultural Sciences, Technology, Computer Applications Technology, Information Technology, Agricultural Management and Technology subjects 1000 participants in training and support in integrating ICT in the learning and teaching environment
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> Outcome 1: Quality basic education
Details contained in the Business Plan	<ul style="list-style-type: none"> Outcome Indicators Output Indicators Inputs Key Activities Annual Budget and Resource Allocation Schedules Monitoring and Reporting Risk Management Plan Cash flow projections Participating schools list (separate annexure)
Conditions	<p>Grant Structure and Allocation</p> <ul style="list-style-type: none"> The grant is utilised on an interventional basis and is not a general roll-out for all schools Schools' needs and allocation of funds shall be identified through a criteria indicated in the framework in partnership with Provinces and Districts in the preceding financial period The grant will support a total of 1000 schools across all provinces, which are based on the previous financial period allocation The provincial funds allocation should be divided in accordance with the following guideline: <ul style="list-style-type: none"> 20 per cent for ICT resources 15 per cent for workshop equipment, machinery and tools

Maths, Science and Technology Grant	
	<ul style="list-style-type: none"> ○ 15 per cent for laboratories and workshop apparatus and consumables ○ 10 per cent for learner support ○ 15 per cent for Technical schools CAPS teachers and subject advisors training and orientation ○ 15 per cent for targeted teacher training in teaching methodologies and subject content ○ 10 per cent for training and support in ICT integration for end-users ○ provinces may deviate from the prescribed guidelines provided the transferring officer approves all deviations ● The subjects' coverage for support through the grant in MST include all MST subjects from grades R-12 ● The transferring and receiving departments must appoint or identify a qualified and experienced person/s to administer, manage and co-ordinate the activities of the grant in accordance with the provisions of the framework and compliance certificates <p>Business Planning Process</p> <ul style="list-style-type: none"> ● Provinces shall submit lists of schools to Department of Basic Education (DBE) as per the timeframes set by the grant framework <p>Monitoring</p> <ul style="list-style-type: none"> ● The national and provincial grant managers shall conduct monitoring at all levels on a monthly and quarterly basis or as and when required <p>Priorities</p> <ul style="list-style-type: none"> ● All the grant outputs are prioritised in accordance with the allocation percentages unless the province has requested a deviation <p>Outputs</p> <ul style="list-style-type: none"> ● Information, Communication and Technology (ICT) resources items should be procured as per the minimum specifications defined by the DBE and in line with CAPS. The grant also support the training of all end-users in the utilisation of all ICT resources provided to a school ● Workshop equipment, machinery and tools items should be procured as per the minimum specifications defined by the DBE and in line with CAPS ● Laboratories and workshop equipment, apparatus and consumables: these items should be procured as per the minimum specifications as defined by the DBE and in line with CAPS ● Learner support items should be procured and provided to all identified learners in line with provincial needs in support of curriculum delivery ● Teacher support items should be procured and provided to all identified teachers in line with provincial needs in support of curriculum delivery. The training of teachers in preparation for the implementation of CAPS for technical schools forms part of teacher support during the Medium-Term Expenditure Framework (MTEF) ● The grant does not include any output for compensation of employees <p>Procurement Matters</p> <ul style="list-style-type: none"> ● Transversal tenders will be developed and entered into with multiple suppliers and provinces will be invited to participate in such procurement contracts. In the absence of a DBE transversal tender, provinces must continue to procure on their own ● The grant funds and implementation (procurement, delivery and payment) to be managed at provincial level unless a transversal tender has been issued or the school has demonstrated capacity, systems and controls to efficiently manage the processes of the grant ● Before funds can be transferred to schools, there should be assurance that systems, controls and capacity to manage the implementation and delivery processes of the grant are in place
Allocation criteria	<ul style="list-style-type: none"> ● Participating schools should be identified according to the following criteria: <ul style="list-style-type: none"> ○ the schools must be classified between quintile 1-3 ○ provinces may include schools in quintile 4 and 5 subject to the approval of the transferring officer ○ the average learner performance in all subjects including MST at the level below 60 per cent at Grade 8-12 ○ primary schools will be supported as feeder schools to secondary schools participating in the grant based on the provincial needs analysis in line with the outputs of the grant ○ at least 30 learners are enrolled for each grade in Mathematics and Sciences subjects at General Education and Training and Further Education and Training band and 15 learners are enrolled for Technology subjects in Further Education and Training band ○ 50 per cent of all learners in the school must be enrolled for Mathematics or Technical Mathematics in the case of technical school
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> ● The grant is a targeted systemic capacity improvement programme. It should therefore be noted that the number of schools requiring support is not proportionally distributed across the provinces. The level of support required by schools differs across provinces
Past performance	<ul style="list-style-type: none"> ● New Grant
Projected life	<ul style="list-style-type: none"> ● Grant continues until 2018/19 thereafter subject to review
MTEF allocations	<ul style="list-style-type: none"> ● 2016/17: R362 million; 2017/18: R385 million; and 2018/19: R407 million
Payment schedule	<ul style="list-style-type: none"> ● 13 May 2016; 19 August 2016; 18 November 2016; and 10 February 2017

Maths, Science and Technology Grant	
Responsibilities of the transferring national officer and receiving officer	Responsibilities of the national department <ul style="list-style-type: none"> • Identify and analyse areas requiring support in Mathematics, Science and Technology • Evaluate, approve and submit provincial business plans to National Treasury • Provide the administrative services for the grant (manage, coordinate, monitor and support programme implementation at all levels) • Develop and provide capacity building programmes for provincial implementation teams to assist them in implementing the grant • Develop and distribute planning, implementation, monitoring and evaluation guidelines and/or templates including minimum specifications for school resource • Ensure compliance with reporting requirements in line with the provisions of the 2016 Division of Revenue Act (DoRA), as amended • Monitor implementation at provincial, district and school level on a monthly and quarterly basis or as and when required in line with the grant framework • Evaluate the performance of the conditional grant and submit an evaluation report to National Treasury as per the requirements of the 2016 DoRA • Establish and strengthen partnerships with relevant stakeholders in Mathematics, Science and Technology • Ensure that focus schools are improved and increased and they deliver on value for money on an annual basis
	Responsibilities of the provincial departments <ul style="list-style-type: none"> • Identify and analyse areas requiring support in Mathematics, Science and Technology • Provinces to submit targeted schools lists and their needs to DBE • Develop and submit approved business plans to DBE • Ensure compliance with reporting requirements by providing consolidated monthly expenditure reports, 15 days after the end of the month, and quarterly reports 30 days after the end of the quarter including other monitoring or diagnostic reports and reviews as required from time to time • Manage and implement the programme in line with the 2016 DoRA and the Public Finance Management Act • Where applicable, participate in transversal tenders issued by the DBE or other provinces in order to procure goods and services related to the outputs of the grant • Monitor and provide support to districts/regions, circuits and schools on a monthly basis or as and when required • Provide human resource capacity at all relevant levels including the appointment or identification of a qualified and experienced person/s to administer, manage and co-ordinate the activities of the grant in accordance with the provisions of the framework and compliance certificates • Evaluate the performance of the grant and submit evaluation reports to DBE within two months after the end of the financial period • Provincial departments to implement the projects according to the approved business plans. Any deviation should first be communicated, in writing, and approved by DBE's transferring officer before implementation
	Responsibilities of the schools <ul style="list-style-type: none"> • Submit schools needs on Mathematics, Science and Technology to the districts based on the performance of the school in all grades • Submit annual operational plans for selected schools to the provincial department of education • Ensure that capacity, systems and controls are in place to implement the grant, to receive funds where a transfer to school has been agreed upon • Receive funds from provincial departments of education and manage the procurement, delivery and payment processes where necessary • Participate in relevant structures that have been put in place to support implementation of the grant • Report to the province on the implementation of the grant on a monthly and quarterly basis and to the DBE (as and when necessary) • Monitor and ensure quality of work of the service providers and sign-off on the completeness of the service delivery processes
Process for approval of the 2017/18 business plans	<ul style="list-style-type: none"> • DBE to collate and distribute to provinces the list of areas requiring support in Mathematics, Science and Technology by 22 July 2016 • The first draft of the consolidated provincial business plans and school lists to be submitted to DBE for appraisal by 31 October 2016 • The DBE team will meet to evaluate the consolidated business plans by 16 November 2016 • The comments on the business and procurement plans will be sent to provinces for amendments by 14 December 2016 • Provinces will be required to submit the provincially approved amended business and procurement plans to DBE by 02 February 2017 • DBE will approve the final business plans by 10 March 2017 • DBE's transferring officer approves business plans to be submitted to the National Treasury by 20 March 2017

National School Nutrition Programme Grant	
Transferring department	<ul style="list-style-type: none"> • Basic Education (Vote 14)
Grant schedule	<ul style="list-style-type: none"> • Schedule 5A
Strategic goal	<ul style="list-style-type: none"> • To enhance learning capacity and improve access to education
Grant purpose	<ul style="list-style-type: none"> • To provide nutritious meals to targeted schools
Outcome statements	<ul style="list-style-type: none"> • Enhanced learning capacity and improved access to education
Outputs	<ul style="list-style-type: none"> • Number of schools that prepare nutritious meals for learners
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> • Outcome 1: Quality basic education
Details contained in the business plan	<ul style="list-style-type: none"> • Outcome indicators • Output indicators • Inputs • Key activities • Risk Management Plan
Conditions	<ul style="list-style-type: none"> • Spending must be in line with national and provincial business plans • The budget allocation must be distributed in terms of the following weightings for both secondary and primary schools: <ul style="list-style-type: none"> ○ school feeding (inclusive of cooking utensils): minimum of 96 per cent ○ administration: maximum of 3.5 per cent ○ nutrition education and de-worming: minimum of 0.5 per cent • Minimum feeding requirements: <ul style="list-style-type: none"> ○ provide nutritious meals to all learners in quintile 1 - 3 primary and secondary schools (as per gazetted national quintiles) as well as identified special schools on all school days ○ annual meal costs per learner will increase at a minimum of four per cent in all benefiting primary schools and two per cent for all benefiting secondary schools, far-flung farm and rural schools that are receiving funds directly should be allocated a higher meal cost to cover higher transport costs ○ pay an honorarium of a minimum of R1 000 per person per month, in line with a food handler to learner ratio of 1:200. A ratio of 1:120 is recommended for schools where learner enrolment is 250 or fewer ○ comply with recommended food specifications and approved menu consisting of meals containing starch, protein and fresh vegetable/fruit ○ fresh fruit/vegetables should be served daily and vary between green and yellow/red vegetables/fruits ○ a variety of protein-rich foods should be served per week in line with approved menu options. Raw sugar beans should be packed separately from samp, not mixed in one packet ○ Soya mince should not be served more than twice a week ○ pilchards should be served at least once a week. High quality protein products can replace pilchards in areas where these are not socially acceptable ○ Ultra High Temperature (UHT) pasteurised milk or maas should be served once a week. Milk should be approved in line with dairy standards set by Milk South Africa ○ provinces should promote sustainable food production and nutrition education • Provinces that are transferring funds for meals to schools (Eastern Cape, Free State, Limpopo, Northern Cape and North West) are required to reconcile expenditure by schools against budget transfers on a quarterly basis • The 11 May 2016 budget transfer (as per payment schedule) is for cooking facilities, equipment and utensils as per equipment specifications provided by the Department of Basic Education (DBE) • Provincial business plans will be approved in line with the above minimum requirements and available resources. The following variations may be approved by the transferring officer based on achievements and/or critical challenges in each province: <ul style="list-style-type: none"> ○ feeding days reduced to a minimum of 196 days ○ feeding cost below the above-stated minimum requirements, provided the quality of meals is not compromised ○ number of learners that exceed the gazetted quintiles ○ serving of processed vegetables or fruit in remote areas ○ targeting of learners in quintile 4 and quintile 5 schools ○ quintile 1 - 3 schools that do not feed all learners (Gauteng, KwaZulu-Natal and Western Cape). Letters from schools requesting a deviation from whole school feeding must be provided to the provincial office and kept on record
Allocation criteria	<ul style="list-style-type: none"> • The distribution formula is poverty-based in accordance with the poverty distribution table used in the National Norms and Standards for School Funding as gazetted by the Minister of Education on 17 October 2008 • The new allocation criteria will be phased in, starting with the 2016 MTEF, due to the updated poverty distribution table
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> • The National School Nutrition Programme (NSNP) is a government programme for poverty alleviation, specifically initiated to uphold the rights of children to basic food and education • The conditional grant framework enables the DBE to play an oversight role in the implementation of all NSNP activities in schools

National School Nutrition Programme Grant	
Past performance	<p>2014/15 audited financial outcomes</p> <ul style="list-style-type: none"> Allocated and transferred R5.3 billion of which provinces spent R5.3 billion (99.8 per cent) by the end of the national financial year <p>2014/15 service delivery performance</p> <ul style="list-style-type: none"> The programme reached 21 025 schools and provided meals to 9.3 million learners nationwide A total of 517 workshops were conducted to enhance programme implementation. The workshops were on financial management, meal planning, nutrition education and basic horticulture
Projected life	<ul style="list-style-type: none"> It is envisaged that, given the levels of poverty in the country and the impact of various health conditions such as HIV and Aids, diabetes and debilitating chronic conditions, the need for such a grant will persist for at least another 10 years. The programme ensures learners from the poorest communities have decent opportunities to learn
MTEF allocations	<ul style="list-style-type: none"> 2016/17: R6 billion; 2017/18: R6.3 billion; and 2018/19: R6.7 billion
Payment schedule	<ul style="list-style-type: none"> The payment schedule will be in line with respective provincial procurement models as follows: <ul style="list-style-type: none"> provinces that transfer funds directly to all schools (Eastern Cape, Free State, North West and Northern Cape) receive five instalments: (7 April 2016, 11 May 2016, 14 June 2016, 8 September 2016, and 8 December 2016) provinces that procure from service providers on behalf of schools receive five instalments: (7 April 2016, 11 May 2016, 4 August 2016, 20 October 2016, and 26 January 2017)
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> Develop and submit approved national business plans to the National Treasury Evaluate, approve and submit provincial business plans to the National Treasury Manage, monitor and support programme implementation in provinces Ensure compliance with reporting requirements and NSNP guidelines Consolidate and submit quarterly performance reports to the National Treasury within 45 days after the end of each quarter Evaluate performance of the conditional grant and submit an evaluation report to the National Treasury four months after the end of the financial year
	<p>Responsibilities of the provincial departments</p> <ul style="list-style-type: none"> Develop and submit approved business plans to DBE. The business plans should include databases reflecting distribution of volunteer food handlers and cooking fuel per school Monitor and provide support to districts/regions/area project officers and schools Manage and implement the programme in line with the Division of Revenue Act and the Public Finance Management Act Implement monitoring and evaluation plans Provide human resource capacity at all relevant levels Evaluate the performance of the conditional grant annually and submit evaluation reports to the DBE two months after the end of the financial year Submit quarterly financial and performance reports to DBE after the end of each quarter Provinces that are transferring funds to schools are required to reconcile expenditure by schools against budget transfers on a quarterly basis. Reports on actual expenditure should be submitted a month after the quarter being reported upon. Develop and submit transfer schedules reflecting actual dates on which funds will be transferred to schools
	<p>Responsibilities of the school districts</p> <ul style="list-style-type: none"> Monitoring and supporting schools Submitting monthly and quarterly reports (narrative and expenditure reports to the provincial department, as well as reports on expenditure by schools, where applicable) Coordinate all NSNP activities in the district
Process for approval of the 2017/18 business plans	<ul style="list-style-type: none"> Planning meeting by 14 July 2016 Consultation with district officials, provincial treasuries, provincial finance sections and National Treasury Provinces submit first draft business plans to DBE by 31 October 2016 Inter-provincial meeting held in October 2016 to consult provinces on the 2017/18 conditional grant framework DBE evaluates first draft business plans and sends comments to provinces by 25 November 2016 Provinces submit final business plans to DBE by 27 January 2017 The Director-General approves national and provincial business plans by 3 April 2017

School Infrastructure Backlogs Grant	
Transferring department	<ul style="list-style-type: none"> • Basic Education (Vote 14)
Grant schedule	<ul style="list-style-type: none"> • Schedule 6A
Strategic goal	<ul style="list-style-type: none"> • The eradication of inappropriate education structures and backlogs in basic services
Grant purpose	<ul style="list-style-type: none"> • Eradication of all inappropriate school infrastructure • Provision of water, sanitation and electricity to schools
Outcome statements	<ul style="list-style-type: none"> • Improved access to enabling learning and teaching environments • Build the capacity of provinces benefiting from an indirect grant (Schedule 6A) allocation to carry out this function themselves in future
Outputs	<ul style="list-style-type: none"> • Sub-programme 1: eradication and replacement of 510 inappropriate schools and provision of related school furniture • Sub-programme 2: 1120 schools provided with water • Sub-programme 3: 741 schools provided with sanitation • Sub-programme 4: 916 schools provided with electricity
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> • Outcome 1: Quality basic education
Details contained in the infrastructure programme management plan	<ul style="list-style-type: none"> • This grant uses an Infrastructure Programme Management Plan (IPMP) that includes the following: <ul style="list-style-type: none"> ○ institutional framework ○ procurement and contract management plan ○ scope management ○ time management plan ○ cost management plan ○ risk management plan ○ quality management plan ○ monitoring and reporting details ○ budgeting and programme accounting details ○ performance management plan ○ communication management plan
Conditions	<ul style="list-style-type: none"> • This is an in-kind grant administered by the national Department of Basic Education (DBE) that may be transferred to a province through the education infrastructure grant if the province is able to demonstrate, through a proven track record, that it has the capacity to implement the projects • DBE must submit an IPMP • Programme governance will be conducted by the following committees established to ensure that various processes are initiated within the programme: <ul style="list-style-type: none"> ○ national steering committee ○ technical committee ○ project steering committee ○ infrastructure bid specification and evaluation committee ○ infrastructure bid adjudication committee • The provincial planning and monitoring teams (PPMTs) or equivalent in each province should meet monthly to: ensure information flows between the stakeholders; unblock processes; monitor progress; and enhance cooperation • DBE must submit monthly project reports with cash flow to National Treasury 15 days after the end of each month, that show how actual payments and cash flow reconcile with the projected cash flow schedule and explain any deviations from the original projected cash flow • Assets will be transferred to custodians in the respective provinces at final completion. Provincial Education Departments (PEDs) must report in their annual, describe how the schools have been considered in their future maintenance plans • The DBE must agree in writing with the provinces on projects that the DBE will administer on behalf of the province • The department and/or implementing agents must ensure skills transfer takes place as part of the implementation of projects
Allocation criteria	<ul style="list-style-type: none"> • The grant allocation is based on the distribution of inappropriate structures and schools without access to water, sanitation and electricity across provinces • Final allocations will be based on the finalised IPMP of the DBE as approved by the Director-General
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> • This is a specific purpose grant to eradicate the basic safety norms backlogs in schools without water, sanitation and electricity, and to replace those schools constructed from inappropriate material including mud schools to contribute towards improved learning and teaching. The grant will be administered by the DBE to achieve maximum impact in the shortest time possible
Past performance	2014/15 audited financial outcomes <ul style="list-style-type: none"> • Allocated and transferred R2.5 billion of which R2.5 billion (100 per cent) was spent by the end of the national financial year
	2014/15 service delivery performance <ul style="list-style-type: none"> • 53 new schools built, 169 schools provided with water, 114 schools provided with sanitation, and 292 schools provided with electricity

School Infrastructure Backlogs Grant	
Projected life	<ul style="list-style-type: none"> Grant will merge with the Education Infrastructure Grant in 2017/18. In order for the transition to take place, the following documents are needed: <ul style="list-style-type: none"> Submission to National Treasury by DBE of the IPMP The skills transfer and capacity building plans must be submitted to National Treasury before the start of the financial year
MTEF allocations	<ul style="list-style-type: none"> 2016/17: R2.4 billion
Payment schedule	<ul style="list-style-type: none"> Payments will be made according to professional service provider's verified invoices or advance payments in line with approved memoranda of agreement, implementation programme implementation plans and reviewed monthly cash flow projections from implementing agents
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> Undertake planning of the processes, activities, and Accelerated School Infrastructure Delivery Initiative (ASIDI) programme policies required to realise the outputs and identify required resources Undertake the necessary procurement to secure the services of implementing agents, professional service providers, contractors and secondary procurement objectives to respond to the scope of work identified in the IPMP Monitor and evaluate performance of the programme support unit, implementing agents, conduct project site inspections at selected sites to verify progress and quality of the works to secure programme outputs and deliverables Harness the opportunities offered through the programme to contribute towards skills development The DBE must submit a draft skills transfer and capacity building plan for Schedule 6A allocations to National Treasury by 1 July 2016; a final plan must be submitted to National Treasury by 1 September 2016. The skills transfer and capacity building plan must set out how the capacity of benefiting provinces will be developed so that they can continue to perform the function after the schedule 6A funded project ends. The plan must set measurable targets that will be achieved over the 2016 medium term expenditure framework. The plan must set out how existing and new capacity building initiatives will be used to achieve these targets The DBE must submit an annual assessment of progress against its skills transfer and capacity building plan to National Treasury two months after the end of the national financial year DBE will convene and chair meetings of the national steering committee which will: <ul style="list-style-type: none"> provide strategic direction to the ASIDI programme provide general oversight on the programme ensure that the management of the programme brings together those players responsible for different elements of project success and ensure a holistic approach in support of the programme ensure that standards are in line with different prescripts e.g. norms and standards for school infrastructure are adhered to facilitate the establishment of sub-programme management, their membership, reporting modalities and their interaction with the steering committee establish the modalities linking the targeted PEDs with DBE supervise the programme and ensure appropriate coordination and cooperation between different agencies and departments involved facilitate the linkages between national stakeholders such as the National Treasury (infrastructure delivery improvement plan), Construction Industry Development Board, and the national departments of Human Settlements, Water and Sanitation, Energy, and Public Works ensure ASIDI strategies and targets are in line with national goals and targets monitor progress in terms of national goals and targets assist the management of the programme in solving particular issues that may arise and that may require the intervention of the committee report to the Minister of Basic Education, Council for Education Ministers, Heads of Education Departments Committee, and senior management Develop a sector procurement strategy and procurement strategy for this grant in terms of the practice guide prescribed by the infrastructure delivery management toolkit The DBE will develop a procurement strategy for this grant that will lead to the quickest possible achievement of the grant objectives which may require the clustering of projects across provincial boundaries Submit an approved IPMP including projects list to the National Treasury Ensure compliance with reporting requirements and adherence to projected cash flow schedules Consolidate and submit quarterly reports to National Treasury and National Council of Provinces within 45 days after the end of each quarter Conduct site visits to selected projects to assess performance Create the necessary organisational structures and build capacity within the department to oversee and monitor the implementation of the grant The DBE must ensure that the Heads of Education Departments Committee meets at least once a month and is provided with sufficient detailed reports to assess project implementation and projected cash flow schedules reconciled at the end of the month preceding the monthly meeting Provide an operations and maintenance manual to the PEDs

School Infrastructure Backlogs Grant	
	Responsibilities of the provincial departments <ul style="list-style-type: none"> • Provide the list of schools to be included in the ASIDI programme • Ensure that the list of schools identified includes all the schools in their entirety that were not constructed of appropriate materials in their entirety • Ensure that the list of schools identified includes all the schools that never had basic sanitation, water and electricity • Ensure that, where schools are identified for rationalisation and mergers, DBE is made aware on time, in writing, and that all necessary supporting documents are provided • Establish PPMTs that will provide support to the DBE when implementing projects funded by this grant • Convene the PPMTs and report to the national steering committee • Generate a maintenance plan from the provided operations and maintenance manual
Process for approval of the 2017/18 infrastructure programme management plan	<ul style="list-style-type: none"> • Not applicable

COOPERATIVE GOVERNANCE GRANT

Provincial Disaster Grant	
Transferring department	<ul style="list-style-type: none"> Cooperative Governance and Traditional Affairs (Vote 4)
Grant schedule	<ul style="list-style-type: none"> Schedule 7A
Strategic goal	<ul style="list-style-type: none"> To enable a timely response to immediate needs after a disaster has occurred
Grant purpose	<ul style="list-style-type: none"> To provide for the immediate release of funds for disaster response
Outcome statements	<ul style="list-style-type: none"> Immediate consequences of disasters are mitigated
Outputs	<ul style="list-style-type: none"> Emergency repair of critical infrastructure Emergency provision of goods and services
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> Outcome 12: An efficient, effective and development-oriented public service
Details contained in the business plan	<ul style="list-style-type: none"> Applications for funding from this grant use the National Disaster Management Centre (NDMC) disaster grant guideline which includes the following: <ul style="list-style-type: none"> copy of the classification letter in terms of the Disaster Management Act copy of declaration of disaster in terms of the Disaster Management Act number of people affected and the extent of damages and losses sectors affected total funds required for disaster response resources (both financial and in-kind) allocated by the province to respond and mitigate the effects of the disaster resources (both financial and in-kind) committed by other role players, including municipalities, national departments and non-government organisations funding contribution request from Provincial Disaster Grant costed project and implementation plan, including a consolidated projects cash flow as an annexure, detail, over a three month period, to start upon receipts of funds, on how the funds will be spent An initial application for a funding contribution from the Provincial Disaster Grant may be based on the initial disaster assessment and verification (draft versions of the supporting documentation required above may be accepted for the initial application). The further final application/s must be based on the final disaster assessment and verification
Conditions	<ul style="list-style-type: none"> A copy of the classification letter and declaration of disaster in terms of the Disaster Management Act must be submitted to the NDMC This grant may only be used to fund the following expenditure as per written request for funding from the Provincial Disaster Management Centres (PDMCs): <ul style="list-style-type: none"> temporary structures and/or shelters that can be fully assembled within three months, which may be required to ensure continued basic services as a result of damage caused by a declared disaster to critical infrastructure that provinces are responsible for mobile classrooms or temporary structures during a declared disaster in the event that the Department of Basic Education is unable to provide these Large scale humanitarian and other relief required that the national sector departments are not responsible for providing or are unable to provide. Proof must be obtained from the relevant department Provision of temporary access roads and bridges in the event the relevant sector is unable to provide the services. Proof must be presented by the relevant sector The relevant provincial treasury must authorise expenditure on this grant through an adjustments budget if the expenditure occurs prior to the tabling of the province's adjustment budget or through a finance bill following the tabling of the annual report of the province for 2015/16 Funds from this grant may be utilised to reimburse provinces for expenditure incurred which could not be accommodated within the province's own budget. In case provinces require reimbursement of funds spent, provinces are to consult NDMC for approval prior to spending the funds. Proof on expenditure in the form of invoices must be availed to PDMCs and NDMC in case reimbursement is required. Funds from this grant must be utilised within three calendar months following the date of the transfer of the funds Emergency procurement system provided for in the National Treasury Regulation should be invoked to ensure immediate assistance to the affected area
Allocation criteria	<ul style="list-style-type: none"> The grant is allocated according to declared disasters and reports from assessments conducted by NDMC, PDMCs and affected sectors assessed for immediate disaster relief needs. Funding may however be released in tranches, with the first tranche based on an initial assessment and verification of the immediate disaster relief needs
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> This grant caters for response and relief from unforeseen and unavoidable disasters
Past performance	<p>2014/15 audited financial outcome</p> <ul style="list-style-type: none"> Of R197 million allocated, R90 million (46 per cent) was transferred by the end of the national financial year to the following sectors: <ul style="list-style-type: none"> R35.7 million to Mpumalanga Department of Public Works, Roads and Transport R14.7 million to Mpumalanga Department of Agriculture, Rural Development and Land Administration R560 000 to Limpopo Department of Cooperative Governance, Human Settlements and Traditional Affairs

Provincial Disaster Grant	
	<ul style="list-style-type: none"> o R8.9 million to Limpopo Department of Public Works, Roads and Infrastructure o R15.7 million to Free State Department of Agriculture and Rural Development o R10.2 million to the KwaZulu-Natal Department of Agriculture, Environmental Affairs and Rural Development
	2014/15 service delivery performance <ul style="list-style-type: none"> • Grants for immediate relief from disasters included transfers to the following sectors: <ul style="list-style-type: none"> o Mpumalanga Department of Transport to provide access roads and temporary bridges after flooding o Mpumalanga Department of Agriculture, Rural Development and Administration to repair agricultural related infrastructure o Limpopo Department of Human Settlements to provide emergency shelter o Department of Roads and Transport to provide access roads after flooding o Free State Department of Agriculture and Rural Development to provide relief to farmers who were affected by veld fire o KwaZulu-Natal Department of Agriculture and Environmental Affairs to provide relief to farmers who were affected by veld fire
Projected life	<ul style="list-style-type: none"> • This grant is expected to continue over the 2016 medium term expenditure framework, but will be subject to review
MTEF allocations	<ul style="list-style-type: none"> • 2016/17: R112 million; 2017/18: R123 million; and 2018/19: R131 million
Payment schedule	<ul style="list-style-type: none"> • Transfers are made subject to approval by National Treasury
Responsibilities of the transferring officer and receiving officer	Responsibilities of the National Disaster Management Centre: <ul style="list-style-type: none"> • Advise PDMCs and relevant national sector departments of the existence of the grant and application process for grant funding • Circulate an updated guideline on the items that qualify for funding through this grant by end June 2016. This guideline must be consistent with the disaster response funding request template agreed to with the National Treasury • Establish procedures for funding items already purchased by provinces • Conduct a preliminary cost verification and submit an initial request to the National Treasury within 14 days of receiving a written funding request or a submission from the PDMC • Conduct full assessments of disaster impacts, within 35 days of receipt of a written funding request, to verify the final funding application. Assessments are done with affected provinces and should follow requirements of the Disaster Management Act • Confirm support to be provided by national sector departments to ensure no duplication of support • Seek approval from National Treasury for the final disbursement of funds to provincial sector departments within 35 days of receipt of the written final funding request and submission of the preliminary report from the PDMC • Provide written advice on the timing of disbursements to the relevant PDMC and provincial treasury, and transfer these funds to provinces within five days of drawing the funds from the National Revenue Fund • Notify the relevant PDMC and provincial treasury of a transfer at least one day before transfer. Funds must be transferred no later than five days after notification • Build relationships and establish the necessary communication channels with relevant national and provincial departments to ensure the country has a coordinated approach to disaster response • Provide National Treasury with written notification of the transfer within 14 days of a transfer of the grant • Submit financial and non-financial reports to national treasury within 20 days of the end of each month • Provide a performance report, within 45 days of the end of the quarter in which the funds were spent, to National Treasury using the disaster allocation monitoring template agreed to with the National Treasury
	Responsibilities of Provincial Disaster Management Centres <ul style="list-style-type: none"> • Advise provincial sector departments and municipalities of the existence of the grant, including funding application processes • Together with the affected provincial departments, conduct initial assessments of disaster impacts to verify the applications for initial funding within 14 days following the occurrence of the incident • Conduct assessments of disaster impacts together with NDMC and the affected provincial departments, to verify final applications for funding, within 35 days of the incident while adhering to the requirements of the Disaster Management Act • Submit requests for disaster funding, monitor the projects and provide reports to the NDMC and Provincial Treasury • Provide financial and non-financial reports to NDMC within 15 days of the end of each month • Provide a performance report which includes evidence on progress implementation of the projects to the NDMC within 30 days of the end of the quarter in which funds are spent
	Responsibilities of the national department <ul style="list-style-type: none"> • Provide support and guidance to provincial sector departments and NDMC regarding line function related matters in assessments and costing verifications • Provide support and guidance to provincial sector departments and NDMC in the preparation of funding requests • Provide support and guidance to provincial sector departments in the preparation of reports and ensure compliance to the guidelines • Monitor and evaluate implementation by provincial sector departments

Provincial Disaster Grant	
	Responsibilities of the provincial departments <ul style="list-style-type: none"> • Cooperate with the NDMC, PDMC and sector departments to conduct damage assessment and cost verification • Submit initial request for funding to the PDMC within 14 days following the declaration of a disaster • Consult with the relevant national sector departments on funding requests before submission to the PDMC • Notify provincial treasury of all submitted requests for funding • Initiate requests for disaster funding and monitor projects • Ensure sectors follow emergency procurement processes when spending the grant funds • Provide a financial and non-financial report to the PDMC and relevant national sector within 15 days of the end of each month. Include evidence in the form of invoices and pictures of the department projects as annexures • Provide a performance report which includes evidence, and progress on implementation of the projects, to the PDMC and relevant National Sector within 30 days of the end of the quarter in which funds are spent
Process for approval of 2017/18 business plans	<ul style="list-style-type: none"> • Not applicable

HEALTH GRANTS

Comprehensive HIV, AIDS and TB Grant	
Transferring department	<ul style="list-style-type: none"> • Health (Vote 16)
Grant schedule	<ul style="list-style-type: none"> • Schedule 5A
Strategic goal	<ul style="list-style-type: none"> • The implementation of the national strategic plan on HIV, sexually transmitted infections and tuberculosis (TB) (2012-2016)
Grant purpose	<ul style="list-style-type: none"> • To enable the health sector to develop and implement an effective response to HIV and AIDS and TB • To support the national Department of Health (DoH) with the President's Emergency Plan for AIDS Relief (PEPFAR) transition process
Outcome statements	<ul style="list-style-type: none"> • Improved coordination and collaboration in the implementation of comprehensive HIV, Aids and TB grant between national and provincial government • Improved quality of HIV and AIDS and TB services including access to: <ul style="list-style-type: none"> ○ HIV Counseling and Testing (HCT) ○ TB case finding, screening and diagnosis ○ Antiretroviral Treatment (ART) ○ treatment for TB, including drug-resistant TB ○ adherence monitoring and support ○ prevention of TB ○ prevention of mother-to-child-transmission (MTCT) ○ medical male circumcision • Improved health workers' capacity at the three levels of care • Reduce HIV and TB incidence and prevalence • Reduced incidence of multi-drug-resistant (MDR) and extensively drug-resistant (XDR) TB
Outputs	<ul style="list-style-type: none"> • Number of new patients that started on ART • Number of patients on ART remaining in care • Number of male condoms distributed • Number of female condoms distributed • Percentage of exposed infants HIV positive at 10 weeks PCR test • Number of clients tested for HIV (including antenatal) • Number of Medical Male Circumcision performed • Percentage of new patients on ART initiated on isoniazid preventative therapy (IPT) • Number of patients on bedaquiline
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> • Outcome 2: A long and healthy life for all South Africans
Details contained in the business plan	<ul style="list-style-type: none"> • Outcome indicators • Output indicators • Inputs • Key activities
Conditions	<ul style="list-style-type: none"> • The following priority areas must be supported through the grant: <ul style="list-style-type: none"> ○ ART related interventions ○ home and community-based care ○ condom distribution and high transmission area interventions ○ post exposure prophylaxis ○ prevention of MTCT ○ programme management strengthening ○ regional training centres ○ HCT ○ medical male circumcision ○ TB screening, prevention, and treatment
Allocation criteria	<ul style="list-style-type: none"> • Allocations are based on antenatal HIV prevalence, estimated share of AIDS cases, populations post-demarcation
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> • HIV and AIDS is a key national priority and requires a coordinated response for the country as a whole and this is most effectively achieved through a conditional grant
Past performance	2014/15 audited financial performance <ul style="list-style-type: none"> • Allocated and transferred R10.5 billion to provinces of which R10.5 billion (99.8 per cent) was spent by provinces by the end of the national financial year
	2014/15 service delivery performance <ul style="list-style-type: none"> • 8 104 lay counsellors trained and providing services at service points • 100 per cent of facilities provided HCT services • 10 million people received counselling and 98 per cent were tested for HIV, including pregnant women • 4 million beneficiaries had access to home and community-based care services

Comprehensive HIV, AIDS and TB Grant	
	<ul style="list-style-type: none"> • 3 327 health facilities offered ART services • 3 million patients were on ART • 996 high transmission intervention sites in operation • 99.9 per cent of PHC facilities offer MTCT services • 5.4 million medical male circumcision performed • 723.8 million male condoms distributed • 21.1 million female condoms distributed
Projected life	• On-going in line with national strategic plan on HIV and AIDS
MTEF allocations	• 2016/17: R15.3 billion; 2017/18: R17.7 billion; and 2018/19: R20 billion
Payment schedule	• Monthly instalments based on the payment schedule approved by the National Treasury
Responsibilities of the transferring national officer and receiving officer	Responsibilities of the national department <ul style="list-style-type: none"> • Visit provinces twice a year to monitor implementation and provide support • Meet with National Treasury to review grant performance on a quarterly basis
	Responsibilities of the provincial departments <ul style="list-style-type: none"> • Quarterly performance output reports to be submitted within 30 days following the reporting period using standard formats as determined by the DoH. Submit an electronic version to be followed by a hard copy signed by the receiving officer • Clearly indicate measurable objectives and performance targets as agreed with the DoH in provincial departmental business plans for 2016/17 and over the medium term expenditure framework
Process for approval of the 2017/18 business plans	<ul style="list-style-type: none"> • Submission of draft business plans by 31 October 2016 • Submission of final business plans to DoH by 28 February 2017 • Submission of final business plans to National Treasury by 31 March 2017

Health Facility Revitalisation Grant	
Transferring department	<ul style="list-style-type: none"> • Health (Vote 16)
Grant schedule	<ul style="list-style-type: none"> • Schedule 5A
Strategic goal	<ul style="list-style-type: none"> • To enable provinces to plan, manage, maintain, and transform health infrastructure in line with national and provincial policy objectives
Grant purpose	<ul style="list-style-type: none"> • To help accelerate construction, maintenance, upgrading and rehabilitation of new and existing infrastructure in health including, health technology, organisational development systems and quality assurance • To enhance capacity to deliver health infrastructure
Outcome statements	<ul style="list-style-type: none"> • Improved service delivery by provincial departments as a result of an enhanced and better quality of health services • Improved quality and well maintained health infrastructure (backlog and preventative maintenance) • Improved rates of employment and skills development in the delivery of infrastructure • Value for money and cost effective design of facilities
Outputs	<ul style="list-style-type: none"> • Number of health facilities, planned, designed, constructed, equipped, operationalised and maintained
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> • Outcome 2: A long and healthy life for all South Africans
Details contained in the business plan	<ul style="list-style-type: none"> • The business plan for this grant will be replaced by the Infrastructure Programme Management Plan (IPMP) over the medium term expenditure framework (MTEF), the User-Asset Management Plan (U-AMP) for at least 10 years, project proposals, concept reports and annual implementation plan (AIP)
Conditions	<ul style="list-style-type: none"> • With the exception of funding for costs incurred on a business case and project brief development, all new or replacement hospitals, nursing colleges and nursing schools projects commencing construction in 2016/17 must have business cases and project execution plans (costed project master plans) approved before funds can be released for such projects • Annual Implementation Plans signed-off by the Head of Department with the organisational structure of the infrastructure unit to the national Department of Health (DoH) for approval by 4 March 2016 • The 2016/17 MTEF project list as captured in the AIP for both current and capital should cover: <ul style="list-style-type: none"> ○ maintenance, rehabilitation, refurbishment, and repair of infrastructure ○ new, replacement, upgrades and additions of infrastructure • Provinces may utilise a portion of the grant funding for the appointment of public servants to their infrastructure units in line with their human resource capacitation circular published by the National Treasury • In instances where the capacity of the Provincial Public Works Department is deemed insufficient, the Provincial Department of Health (PDoH) will be entitled to engage alternative implementing agents, provided that supply chain management processes as prescribed in the Treasury Regulations for appointment of service providers are followed • PDoH must enter into a service delivery agreements with their implementing agents • Appropriately qualified built environment representatives from the provincial departments' infrastructure units must assist in the procurement of professional service providers and contractors by its implementing agent, through representation as a member on the specification and evaluation committees of the implementing agent • Projects on planning must follow DoH peer review stages • Completion of new infrastructure projects require that maintenance and operation plans be submitted to PDoH by implementing agents
Allocation criteria	<ul style="list-style-type: none"> • Allocations for 2016/17 are project based • Allocations also include the incentive based allocation as described in Annexure W1 to the 2016 Division of Revenue Bill
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> • Funding infrastructure through a conditional grant enables the national department to ensure the delivery and maintenance of health infrastructure in a coordinated and efficient manner and ensure consistency with national norms, standards and guidelines for health facilities
Past performance	<p>2014/15 audited financial outcomes</p> <ul style="list-style-type: none"> • Of the total allocation of R5.5 billion, provinces spent R5.5 billion (100 per cent) by the end of the national financial year <p>2014/15 service delivery performance</p> <ul style="list-style-type: none"> • 638 on planning stage to the value of R899 million • 577 on different stages of construction to the value of R5.8 billion • 463 reached completion to the value of R851 million • 1 terminated • 9 placed on hold
Projected life	<ul style="list-style-type: none"> • Health is a key government priority and given the need to continually maintain health infrastructure to ensure that norms and standards are maintained, the grant will remain in place until at least the end of the 2017/18 MTEF
MTEF allocations	<ul style="list-style-type: none"> • 2016/17: R5.3 billion; 2017/18: R5.8 billion; and 2018/19: R6 billion
Payment schedule	<ul style="list-style-type: none"> • Transfers are made on quarterly basis in accordance with a payment schedule approved by National Treasury

Health Facility Revitalisation Grant	
Responsibilities of the transferring officer and receiving officer	Responsibilities of the national department <ul style="list-style-type: none"> • Coordinate and facilitate site visits • Attend quarterly provincial infrastructure progress review meetings with National Treasury • Provide guidance to provinces on planning, prioritisation and evaluating of U-AMP, IPMP, AIP, project proposals and concept reports that provinces develop and submit • Peer review and feedback processes should be undertaken timeously • Issue guidelines on the capacitation process of infrastructure units, as well as the conditions attached to the utilisation of funds • DoH and National Treasury must jointly evaluate progress with capacitation of provincial infrastructure units and provide feedback to all provinces
	Responsibilities of the provincial departments <ul style="list-style-type: none"> • Provincial departments must establish committees with the relevant implementing agents, and hold monthly meetings that are minuted to review progress on the AIP • Provinces must submit to DoH monthly and quarterly reports for all projects funded in the 2016/17 financial year in this grant through the PMIS and infrastructure reporting model (the two reporting systems would be integrated by 2016/17) • PDoH must align infrastructure plans (U-AMP and IPMP) with their respective Strategic Plans and Annual Performance Plans
Process for approval of the 2017/18 business plans	<ul style="list-style-type: none"> • The process for approval for the 2017 MTEF will be in line with the performance based incentive approach guidelines published by National Treasury • PDoHs must submit 2017/18 IPMP signed-off by the Head of Department with the organisational structure of the infrastructure unit to the DoH by 7 March 2017 • Submission of IPMP for 2017/18 by DoH to National Treasury by 31 March 2017

Health Professions Training and Development Grant	
Transferring department	<ul style="list-style-type: none"> • Health (Vote 16)
Grant schedule	<ul style="list-style-type: none"> • Schedule 4A
Strategic goal	<ul style="list-style-type: none"> • To contribute to the implementation of the national human resource plan for health through the clinical teaching and training of health professionals in designated public health facilities in South Africa
Grant purpose	<ul style="list-style-type: none"> • Support provinces to fund service costs associated with clinical teaching and training of health science trainees on the public service platform
Outcome statements	<ul style="list-style-type: none"> • Progressive realisation of the national human resource plan for health • Clinical teaching and training capacity established in designated developmental provinces (Northern Cape, North West, Limpopo, Mpumalanga and Eastern Cape)
Outputs	<ul style="list-style-type: none"> • Number of post graduate (nursing and allied) health science trainees funded on the public health service delivery platform • Number of registrars funded on the public health service delivery platform • Number of specialists, associated with training, funded on the public health service delivery platform • Number of postgraduate specialists (sub/super-speciality) in training • Number of medical officers undertaking postgraduate diplomas • Number of clinical supervisors associated with clinical training funded on the public health service delivery platform • Number of resource centre staff funded on the public health service delivery platform (Eastern Cape only) • Number of facilities providing an outreach and training platform • Number of grant administration staff
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> • Outcome 2: A long and healthy life for all South Africans
Details contained in the business plan	<ul style="list-style-type: none"> • Cash flow projections • Number of specialists, postgraduate specialists, registrars, postgraduate medical officers, postgraduates (nursing and allied health), and clinical supervisors funded from the grant • Names of facilities providing an outreach and training platform • Number of grant administration staff • Number of resource centre staff
Conditions	<ul style="list-style-type: none"> • Submission of an approved 2016/17 business plan in the prescribed format signed by the provincial Head of Department or receiving officer by 26 February 2016, and the national Department of Health (DoH) transferring officer by 24 March 2016 • Hiring of personnel for the administration of this grant may only take place after the approval of the national transferring officer, at a cost not exceeding 0.5 per cent of the total of the grant
Allocation criteria	<ul style="list-style-type: none"> • Based on historical allocations and spending patterns
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> • Provinces give effect to the national human resource strategy by training health science trainees on the public health service platform • National coordination needed for health science trainees • The number and type of students in each province does not necessarily align with the proportions of the provincial equitable share
Past performance	<p>2014/15 audited financial outcomes</p> <ul style="list-style-type: none"> • Allocated and transferred R2.3 billion to provinces of which R2.3 billion (100 per cent) was spent by the end of the financial year <p>2014/15 service delivery performance</p> <ul style="list-style-type: none"> • Provincial achievements in training and development by discipline: <ul style="list-style-type: none"> ○ 24 886 medical students and professional nursing students ○ 2 378 registrars ○ 2 511 specialists ○ 41 registrars/specialists involved in outreach services
Projected life	<ul style="list-style-type: none"> • The grant will remain as long as health science trainees are trained on the public service health platform
MTEF allocations	<ul style="list-style-type: none"> • 2016/17: R2.5 billion; 2017/18: R2.6 billion; and 2018/19: R2.8 billion
Payment schedule	<ul style="list-style-type: none"> • Monthly instalments as per approved payment schedule
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> • To convene at least one annual meeting of national, provincial and facility programme managers • Monitor expenditure by economic classification • Monitor the number of registrars, specialists, postgraduates (nursing and allied health), clinical supervisors, postgraduate specialists, postgraduate medical officers, outreach and training platforms, and resource centre staff (Eastern Cape only) • Conduct a minimum of two site visits to provinces and site visits to selected facilities on a rotational basis

Health Professions Training and Development Grant	
	<p>Responsibilities of the provincial departments</p> <ul style="list-style-type: none"> • Provinces must gazette allocations to individual facilities/clusters as per the number of agreed upon business plans per province and be facility/cluster specific, by 29 April 2016 • Provinces must maintain a separate budget for each benefiting facility/cluster • Each benefiting facility/cluster budget letter must be supplied by the receiving officer to the facility head by 29 April 2016 • Provinces to monitor the following categories of health science trainees and clinical supervisors on the public health service delivery platform by category: <ul style="list-style-type: none"> ○ registrars ○ post graduate health science trainees (nursing and allied) ○ specialists ○ postgraduate specialists ○ postgraduate diploma medical officers ○ clinical supervisors ○ resource centre staff ○ grant management (administrative staff) ○ outreach and training platform • Submission of updated specialist details funded by the grant at facility level by 30 November 2016 • Report quarterly on the approved expenditure areas, as follows: <ul style="list-style-type: none"> ○ cost of compensation of employees by group of staff category ○ cost of goods and services ○ cost of capital ○ cost of households (where applicable) • Conduct a minimum of one site visit to each budgeted facility/complex per quarter and submit minutes/reports of these meetings to DoH at the end of each quarter
Process for approval of the 2017/18 business plans	<ul style="list-style-type: none"> • Draft business plans for 2017/18 must be submitted in the approved format by 31 October 2016 • Submission of an approved business plans, in the prescribed format, signed by each receiving officer by 28 February 2017, and the transferring officer by 24 March 2017

National Health Insurance Grant	
Transferring department	<ul style="list-style-type: none"> Health (Vote 16)
Grant schedule	<ul style="list-style-type: none"> Schedule 5A
Strategic goal	<ul style="list-style-type: none"> To improve and strengthen the performance of the district health management teams through testing service delivery and providing innovations in readiness for the phased implementation of the National Health Insurance (NHI)
Grant purpose	<ul style="list-style-type: none"> Test innovations in health service delivery and provision for implementing NHI, allowing for each district to interpret and design innovations relevant to its specific context, in line with the vision for realising universal health coverage for all To undertake health system strengthening activities in identified focus and priority areas To assess the effectiveness of interventions/activities undertaken in the districts funded through this grant
Outcome statements	<ul style="list-style-type: none"> Strengthened district capacity for service delivery, planning, monitoring and evaluation in selected districts Support the ideal clinics realisation with a focus on national core standards Strengthened coordination and integration of primary health care (PHC) teams within pilot districts Strengthened supply chain management (SCM) systems and processes improved through innovative interventions at the district level
Outputs	<ul style="list-style-type: none"> Selected PHC teams equipped to provide relevant health services through integrated outreach programmes Selected PHC facilities supported to achieve national core standards as part of the Ideal Clinics realisation project Monitoring and evaluation including impact assessments of the effectiveness of selected PHC teams undertaken SCM processes strengthened and streamlined through innovative interventions in pilot districts Compliance with monitoring and evaluation of targets in operational plans Impact assessment of all pilot interventions undertaken
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> Outcome 2: A long and healthy life for all South Africans
Details contained in the Business Plan	<ul style="list-style-type: none"> Outcome indicators Output indicators Key activities Monitoring and evaluation plan Cash flow requirements
Conditions	<ul style="list-style-type: none"> For the purpose of district interventions, funding from this grant to provinces will be made available after the national Department of Health (DoH) approves the business plans for each of the selected pilot districts The eleven pilot districts selected for 2016/17 are: <ul style="list-style-type: none"> Amajuba (KwaZulu-Natal) OR Tambo (Eastern Cape) Thabo Mofutsanyana (Free State) Tshwane (Gauteng) uMzinyathi (KwaZulu Natal) uMgungundlovu (KwaZulu- Natal) Vhembe (Limpopo) Gert Sibande (Mpumalanga) Pixley ka Seme (Northern Cape) Dr Kenneth Kaunda (North West) Eden (Western Cape) The selected district must comply with the stipulated provisions relating to monitoring and evaluation of progress in relation to agreed performance indicators as outlined in approved business plans The selected districts must allocate funding towards monitoring, evaluation and grant administration activities and this must not exceed a maximum of three per cent of the annual total grant allocation Municipal ward-based outreach teams to be established in line with national guidelines and health policy priorities The grant cannot be used to employ additional human resources capacity
Allocation criteria	<ul style="list-style-type: none"> Each district is allocated the same amount with the exception of KwaZulu-Natal where allocation for two pilot sites has been reallocated to three pilot sites
Reason not incorporated in equitable share	<ul style="list-style-type: none"> The implementation of NHI will be undertaken through a phased approach over a 14 year period. A conditional grant enables effective roll out of the NHI pilots and allows DoH direct oversight over the pilot sites and the activities thereof
Past performance	<p>2014/15 audited financial outcomes</p> <ul style="list-style-type: none"> Allocated and transferred R77 million to provinces

National Health Insurance Grant	
	<ul style="list-style-type: none"> Of the total available, R67 million (83 per cent) was spent
	2014/15 service delivery performance <ul style="list-style-type: none"> Existing ward-based PHC outreach teams equipped to collect relevant data from households Monitoring and evaluation including impact assessment of the effectiveness of existing ward-based PHC outreach teams undertaken Monitoring and evaluation of direct delivery of chronic medication to patients undertaken to support efficient and effective provision of health services within the district Lean management principles for supply chain management in relation to non-negotiables implemented District capacity for monitoring and evaluation, including research/impact assessment reports of selected interventions, undertaken
Projected life	<ul style="list-style-type: none"> Grant will come to an end at the end of the 2016/17 financial year
MTEF allocations	<ul style="list-style-type: none"> 2016/17: R85 million
Payment schedule	<ul style="list-style-type: none"> Monthly instalments as per approved payment schedule
Responsibilities of the transferring national officer and receiving officer	Responsibilities of the national department <ul style="list-style-type: none"> DoH in consultation with the provinces, will ensure that the approved business plans compliment the activities, focus areas, targets and outcomes outlined in the indirect allocation grant framework Advise provinces on which interventions will be implemented in each of the selected pilot districts Monitor and evaluate implementation of pilot projects including visits to provinces and selected districts Commission independent external expert evaluation of the progress and effectiveness of interventions tested in the pilot districts Facilitate a partnership with the provinces in the selection of the pilot district and monitoring and evaluation, and impact assessments of interventions in order to ensure their experiences inform further NHI design work Include in the annual performance evaluation of the grant the lessons learnt including challenges experienced and how these lessons will inform the design of future pilot interventions Complete and submit the phase out report
	Responsibilities of the provincial departments <ul style="list-style-type: none"> Ensure effective and ongoing monitoring and evaluation of all pilot interventions, including impact assessments where necessary Submit detailed operational plans to the DoH within 30 days after the start of the financial year
Process for approval of 2017/18 service level agreement	<ul style="list-style-type: none"> Provinces to submit first draft business plans for selected pilot sites by 31 October 2016 Provinces to submit final business plans for selected pilot sites by 28 February 2017 DoH submit final business plans to National Treasury by 31 March 2017

National Health Insurance Indirect Grant	
Transferring department	<ul style="list-style-type: none"> Health (Vote 16)
Grant schedule	<ul style="list-style-type: none"> Schedule 6A
Strategic goal	<ul style="list-style-type: none"> This grant has five components which are specific to their respective strategic goals: <ul style="list-style-type: none"> Health Professionals Contracting; Health Facility Revitalisation; Human Papillomavirus (HPV) vaccination; Ideal Clinic; and Information Systems (implemented from 2017/18) To accelerate health sector improvement by strengthening the role of the national Department of Health (DoH) in accelerating delivery of infrastructure particularly in order to assist provinces with weaker capacity and performance in the preparatory phase of National Health Insurance (NHI) To reduce the incidence of cancer of the cervix through the introduction of the HPV vaccination to grade four school girls
Grant purpose	<ul style="list-style-type: none"> To address capacity constraints in the provinces and to create an alternate track to speed up infrastructure delivery To develop and pilot innovative models for purchasing services from health practitioners and other service providers in NHI pilot districts To improve spending, performance, monitoring and evaluation on NHI pilots and infrastructure projects To fund the introduction of the HPV vaccination programme in schools To enable the health sector to address deficiencies in the primary health care facilities systematically to yield big fast results To fund development and roll-out of new health information systems in preparation for NHI
Outcome statements	<ul style="list-style-type: none"> As specified in the five component frameworks Build the capacity of provinces, benefitting from an indirect grant (Schedule 6A) allocation to carry out these functions themselves in future
Outputs	<ul style="list-style-type: none"> As specified in the five component frameworks
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> Outcome 2: A long and healthy life for all South Africans
Details contained in the business plan	<ul style="list-style-type: none"> As specified in the five components' frameworks
Conditions	<ul style="list-style-type: none"> As specified in the five components' frameworks The department and/or implementing agents must ensure skills transfer takes place as part of the implementation of projects
Allocation criteria	<ul style="list-style-type: none"> As specified in the five component frameworks
Reason not incorporated in equitable share	<ul style="list-style-type: none"> The provinces have not demonstrated capacity to deliver on these five components As specified in the five components' frameworks
Past performance	<p>2014/15 audited financial outcome</p> <ul style="list-style-type: none"> As specified in the five components' frameworks <p>2014/15 service delivery performance</p> <ul style="list-style-type: none"> As specified in the five components' frameworks
Projected life	<ul style="list-style-type: none"> It is likely this will be a temporary grant, with the following five components: <ul style="list-style-type: none"> the NHI component which will ultimately be phased into the NHI fund once established the Health Facility Revitalisation component which will be progressively phased back to the provinces as provincial capacity improves the HPV vaccination component which will run for two years The ideal clinic component will continue over the 2016 medium term expenditure framework (MTEF), subject to review and policy development The information systems component will continue over the 2016 MTEF, subject to review and policy development
MTEF allocations	<ul style="list-style-type: none"> 2016/17: R1.3 billion; 2017/18: R1.7 billion; and 2018/19: R1.8 billion <ul style="list-style-type: none"> Health Professionals Contracting: 2016/17: R258 million; 2017/18: R318 million; and 2018/19: R337 million Health Facility Revitalisation: 2016/17: R793 million; 2017/18: R949 million; and 2018/19: R988 million HPV: 2016/17: R200 million; and 2017/18: R200 million Ideal clinics: 2016/17: R10 million; 2017/18: R30 million; and 2018/19: R50 million Information Systems: 2016/17: No allocation; 2017/18: R166 million; and 2018/19: R390 million
Payment schedule	<ul style="list-style-type: none"> As specified in the five components' frameworks
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> As specified in the five components' frameworks The department must submit a draft skills transfer and capacity building plan for Schedule 6A allocations to National Treasury by 1 July 2016. A final plan must be submitted to National Treasury by 1 September 2016. The skills transfer and capacity building plan must set out how the capacity of benefiting provinces will be developed so that they can continue to perform the function after the Schedule 6A funded project ends. The plan must set measurable targets that will be achieved over the 2016 MTEF. The plan must set out how existing and new capacity building initiatives will be used to achieve these targets The department must submit an annual assessment of progress against its skills transfer and capacity building plan to National Treasury two months after the end of the national financial year

National Health Insurance Indirect Grant	
	Responsibilities of the provincial department <ul style="list-style-type: none"> • As specified in the five components' frameworks
Process for approval of 2017/18 business plans	<ul style="list-style-type: none"> • As specified in the five components' frameworks • Skills transfer and capacity building plans for Schedule 6A must be based on consultations and an assessment of the capacity needs in each province/municipality. Plans must be submitted to National Treasury before the start of the financial year

National Health Insurance Indirect Grant: Health Facility Revitalisation Component	
Transferring department	<ul style="list-style-type: none"> • Health (Vote 16)
Grant schedule	<ul style="list-style-type: none"> • Schedule 6A
Strategic goal	<ul style="list-style-type: none"> • To ensure that appropriate health infrastructure is in line with national and provincial policy objectives
Grant purpose	<ul style="list-style-type: none"> • To create an alternative track to improve spending, performance, and monitoring and evaluation on infrastructure in National Health Insurance (NHI) pilot districts • To enhance capacity and capability to deliver infrastructure for NHI pilots
Outcome statements	<ul style="list-style-type: none"> • Appropriate procurement of service providers for infrastructure delivery in NHI pilots • Improved spending, performance, monitoring and evaluation of infrastructure projects in NHI pilots • Improved employment and skills development in the delivery of infrastructure in NHI pilots • Value for money and cost effectively designed facilities in NHI pilots
Outputs	<ul style="list-style-type: none"> • Number and value of health infrastructure projects, initiated, planned, implemented and closed-out NHI pilots • Proportion of infrastructure projects running on schedule according to projected milestones and budgeted amount
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> • Outcome 2: A long and healthy life for all South Africans
Details contained in the business plan	<ul style="list-style-type: none"> • The Infrastructure Programme Management Plan (IPMP) will be submitted on 27 May 2016 and will include the following: <ul style="list-style-type: none"> ◦ description of how the grant will be managed ◦ costed project lists for 2016/17, 2017/18 and 2018/19 with annual cash flow projections ◦ projected milestones ◦ quarterly cash flow projections by project for 2016/17 ◦ procurement strategies and plans in line with standard for infrastructure procurement and delivery management ◦ human resource plan ◦ monitoring and evaluation system
Conditions:	<ul style="list-style-type: none"> • The national Department of Health (DoH) must, in consultation with the provinces, develop and submit to the National Treasury by 31 May 2016, an intergovernmental protocol agreement covering the duration of the grant component and outlining how the grant will operate and the responsibility and functions of each sphere • Prior to submitting the IPMP, each provincial department must have signed-off the list of projects funded from the grant. Provinces must also confirm that operational budgets (i.e. personnel, equipment, etc.) and maintenance budgets are affordable and will be made available for all new and replaced assets constructed or acquired • With the exception of funding for costs incurred on a business case and project brief development, all projects exceeding R20 million must have business cases in line with National Treasury capital planning guidelines and project execution plans (costed project master plans) approved before funds can be released for such projects. Approval must be given by the provincial Department of Health and the National Treasury where the facility is located • The grant component must only be spent on projects included in the business plan and project lists signed by provinces. Projects can only be added to the business plan as part of the adjustment budget process • In instances where the capacity of the DoH and the provincial department is deemed insufficient, they are entitled to engage alternative implementing agents, provided that supply chain management processes as prescribed in the Treasury Regulations for appointment of service providers are followed. In those cases service level agreements between DoH and the implementing agent must be in place • Appropriately qualified built environment representatives from the national department must assist in the procurement of professional service providers and contractors by its implementing agent • The provincial departments should report the progress of the projects under this grant in their annual reports and describe how these facilities have been considered in their future planning and budgeting • DoH must maintain an up-to-date database (project management information system), infrastructure reporting model with all contracts that are fully or partially funded by this grant • DoH must convene quarterly progress review committee meetings with all project managers and implementing agents for monitoring and oversight of the performance of all funded projects. National Treasury to be invited to these meetings • All completed projects must have a close-out report with a documented maintenance plan • National Treasury may request copies of any documentation and may withhold grant funding if there is non-compliance with any of the conditions above
Allocation criteria	<ul style="list-style-type: none"> • Allocations for 2016/17 are project and performance based
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> • Funding infrastructure through an indirect conditional grant enables the national department to ensure the delivery and maintenance of health infrastructure in a coordinated and efficient manner that is consistent with national norms, standards and guidelines for health facilities
Past performance	2014/15 audited financial outcomes <ul style="list-style-type: none"> • The grant was allocated R980 million, which was adjusted to R605 million. Of the adjusted allocation, R292 million (48.3 per cent) was spent by the end of the national financial year
	2014/15 service delivery performance <ul style="list-style-type: none"> • By March 2015 there were 240 reported projects funded from the National Health Grant across the country for the 2014/15 financial year; 142 were in construction, 22 reached practical and work completion

National Health Insurance Indirect Grant: Health Facility Revitalisation Component	
Projected life	<ul style="list-style-type: none"> Health is a key government priority and given the need to continually maintain health infrastructure and ensure that norms and standards are maintained, the grant will continue over the 2016 medium term expenditure framework, subject to a review
MTEF allocations	<ul style="list-style-type: none"> 2016/17: R793 million; 2017/18: R949 million; and 2018/19: R988 million
Payment schedule	<ul style="list-style-type: none"> Monthly payments made according to verified and approved invoices from the services providers
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> Build and demonstrate the capacity necessary to manage this grant Ensure alignment between the IPMP and the annual performance plans Undertake the infrastructure development cycle to the extent agreed with the provinces in the implementation protocol agreements For all projects under this grant appoint project level supervision via professional teams for level two and level four supervision on single or a cluster of projects depending on the nature and complexity of projects Convene progress review committees with appropriate reporting Submit all quarterly and annual progress and performance reports Meet with National Treasury to review grant performance on a quarterly basis Collaboration and coordination with provincial departments for the full development cycle of infrastructure development in respect of projects funded by this grant DoH must submit quarterly non-financial infrastructure reports to National Treasury within 45 days after the end of each quarter. These reports must contain: <ul style="list-style-type: none"> expenditure per project against the cash flow projections provided in the business plan explanation of major deviations from the cash flow projections physical progress per project against the milestones projected in the business plan explanation of major deviations from the projected milestones any other challenges experienced and interventions to address these challenges status report on the capacity of the DoH infrastructure unit to manage the grant component <p>Responsibilities of the provincial departments</p> <ul style="list-style-type: none"> Provinces will include completed projects in their asset register Provinces should undertake life cycle maintenance as well as the full operation, staffing and management of the projects in facilities completed under this grant by the DoH All immovable asset management and maintenance responsibilities of the completed projects under this grant as prescribed by the Government Immovable Asset Management Act of 2007 rests with the provinces
Process for approval of the 2017/18 annual implementation plans	<ul style="list-style-type: none"> Submission of signed implementation protocol by 31 May 2017 Submission of IPMP to National Treasury by 31 May 2017

National Health Insurance Indirect Grant: Health Professionals Contracting Component	
Transferring department	<ul style="list-style-type: none"> • Health (Vote 16)
Grant schedule	<ul style="list-style-type: none"> • Schedule 6A
Strategic goal	<ul style="list-style-type: none"> • To strengthen the public healthcare system in preparation for National Health Insurance (NHI) • To strengthen the design of NHI through the innovative testing of new reforms • To assess the service delivery implications of the proposed NHI reforms
Grant purpose	<ul style="list-style-type: none"> • Assessment of the implications of the NHI reforms on the public sector services • To develop and implement innovative models for purchasing services from health practitioners in the 10 NHI pilot districts • To develop and implement innovative models for the dispensing and distribution of chronic medication in the 10 NHI pilot districts
Outcome statements	<ul style="list-style-type: none"> • Appropriate and innovative models for purchasing services from health practitioners identified and tested • Implement an alternative distribution model for chronic medication • Develop a risk-adjusted capitation model for the reimbursement of primary health care (PHC) facilities
Outputs	<ul style="list-style-type: none"> • Innovative models for the purchasing of health care services, including: <ul style="list-style-type: none"> ◦ contracting of health practitioners as defined by need through external service provider organisations ◦ establishment of fully constituted and functional district clinical specialist teams linked to the achievement of the millennium development goals (MDGs) ◦ strengthening of school health services linked to addressing the learning challenges of learners in identified schools • An alternative chronic medicines dispensing and distribution model implemented • A risk-adjusted capitation model for the reimbursement of PHC facilities developed
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> • Outcome 2: A long and healthy life for all South Africans
Details contained in the business plan	<ul style="list-style-type: none"> • Business plan for contracting health professionals should contain the following: <ul style="list-style-type: none"> ◦ description of how the project will be managed, including roles and responsibilities of national and provincial departments ◦ targets for number of health professionals contracted categorised by discipline ◦ output indicators for services provided by contracted health professionals ◦ monitoring and evaluation plan ◦ cash flow projections • Business plan for the chronic medicines dispensing and distribution model should contain the following: <ul style="list-style-type: none"> ◦ description of how the project will be managed, including roles and responsibilities of national and provincial departments ◦ milestones with projected dates when these will be achieved ◦ targets for number of patients enrolled in the model by province and by service provider ◦ cash flow projections ◦ monitoring and evaluation plan • Business plan for developing a risk-adjusted capitation model should contain the following: <ul style="list-style-type: none"> ◦ description of how the project will be managed, including roles and responsibilities of national and provincial departments ◦ milestones with projected dates when these will be achieved ◦ cash flow projections ◦ monitoring and evaluation plan • Service level agreements (SLAs) will include information on the following: <ul style="list-style-type: none"> ◦ outcome indicators ◦ output indicators ◦ key activities and resource schedule ◦ monitoring and evaluation plan ◦ cash flow requirements for 2016/17
Conditions	<ul style="list-style-type: none"> • Project level administrative expenditure may not exceed three per cent of the total grant funding. No activity that is linked to the responsibility of Department of Health (DoH) but falls outside this scope may be funded through this grant • The grant must be used to achieve the objectives of the following areas: <ul style="list-style-type: none"> ◦ development and testing of innovative models for purchasing health care services from health practitioners ◦ an alternative chronic care medication dispensing and distribution model ◦ development of a risk-adjusted capitation model for reimbursement of PHC facilities • The DoH must put in place an evaluation strategy using independent external experts to evaluate the interventions funded through this grant. An evaluation report on lessons learnt from contracting health professionals and their implications for NHI policy development and implementation must be produced and submitted to National Treasury
Allocation criteria	<ul style="list-style-type: none"> • Health facilities with the greatest need for health practitioners and where health practitioners are willing to work in the facility will be prioritised • The alternative chronic care medication dispensing and distribution model will be implemented across the country in the ten NHI pilot districts, with priority given to previously disadvantaged areas

National Health Insurance Indirect Grant: Health Professionals Contracting Component	
Reason not incorporated in equitable share	<ul style="list-style-type: none"> The importance of central coordination in development of models and the establishment of NHI to inform ongoing NHI designs
Past performance	<p>2014/15 audited financial outcomes</p> <ul style="list-style-type: none"> R388 million was allocated of which R82 million (21 per cent) was spent by the end of the national financial year <p>2014/15 service delivery performance</p> <ul style="list-style-type: none"> The data extraction from clinical files within the central hospitals has been undertaken at eight out of 10 central hospitals The initial financial and clinical analysis has been undertaken and the draft case mix analysis report prepared Phase two of the programme work-on developing the base diagnosis related grouper has been started Other data sources from private partners are being sourced for the purpose of triangulation and data validation With regards to health practitioner contracting, 256 doctors were placed at various clinics in the NHI pilot districts
Projected life	<ul style="list-style-type: none"> Subject to policy developments that will be finalised as part of the implementation of NHI
MTEF allocations	<ul style="list-style-type: none"> 2016/17: R258 million; 2017/18: R318 million; and 2018/19: R337 million
Payment schedule	<ul style="list-style-type: none"> Payments will be made according to verified invoices or advance payments in line with approved Programme Implementation Plans from the service providers Monthly instalments which may be altered at the discretion of the National Treasury based on invoices paid
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> Convene and chair all meetings of the national technical task team on contracting of health practitioners through implementing innovative models for the purchasing of health care services Establish the necessary organisational structures and build capacity within the DoH to implement, oversee and monitor the execution of all approved projects using the three per cent administrative costs provision Provide the guidance and support for innovative arrangements of engaging public and private sector providers, including methods of contracting (types of contracts and payment mechanisms) Undertake an independent evaluation of the interventions funded through this grant using external experts Manage, monitor and support programme implementation. Prepare and submit a quarterly performance report to the National Treasury. The reports must include: <ul style="list-style-type: none"> expenditure per project against the cash flow projections provided in the business plans explanation of major deviations from the cash flow projections physical progress per project against the milestones and targets projected in the business plan explanation of major deviations from the projected milestones and targets any other challenges experienced and interventions to address these challenges Meet with the National Treasury to review grant performance on a quarterly basis <p>Responsibilities of the provincial departments</p> <ul style="list-style-type: none"> Facilitate the achievement of grant outputs Ensure compliance with all reporting requirements and adherence to the provisions of SLAs
Process for approval of 2017/18 business plans	<ul style="list-style-type: none"> DoH to submit first draft SLAs and business plans to National Treasury by 31 October 2016 DoH must submit final SLAs and business plans to National Treasury by 31 March 2017

National Health Insurance Indirect Grant: Human Papillomavirus Vaccine Component	
Transferring department	<ul style="list-style-type: none"> • Health (Vote 16)
Grant schedule	<ul style="list-style-type: none"> • Schedule 6A
Strategic goal	<ul style="list-style-type: none"> • To reduce the incidence of cancer of the cervix through the introduction of the Human Papillomavirus (HPV) vaccination to grade four school girls
Grant purpose	<ul style="list-style-type: none"> • To enable the health sector to prevent cervical cancer by making available HPV vaccination for grade four school girls in all public and special schools
Outcome statements	<ul style="list-style-type: none"> • Increased access to HPV vaccines by grade four school girls in all public and special schools
Outputs	<ul style="list-style-type: none"> • 80 per cent of eligible grade four school girls receiving the HPV vaccination • 80 per cent of schools with grade four girls reached by the HPV vaccination team
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> • Outcome 2: A long and healthy life for all South Africans
Details contained in the business plan	<ul style="list-style-type: none"> • Outcome indicators • Output indicators • Inputs • Key Activities • Risk Management Plans
Conditions	<ul style="list-style-type: none"> • Completion of a Service Level Agreement (SLA) in the format determined by the national Department of Health (DoH) between each provincial department and DoH, signed by each receiving officer and transferring officer by 25 March 2016 and submitted to National Treasury by 31 March 2016 • Ensure provinces include HPV vaccination indicators in provincial annual performance plans • Grant funding must also be used to strengthen capacity in provinces to manage the programme
Allocation criteria	<ul style="list-style-type: none"> • Allocations based on the number of grade four girls and schools with grade four from the education management information system in each province
Reason not incorporated in equitable share	<ul style="list-style-type: none"> • Cervical cancer is a high national priority and requires uniform implementation in order to achieve the minimum coverage of 80 per cent and have the desired impact of significantly reducing incidences of cervical cancer • To develop provincial capacity to assume responsibility of the programme from 2018/19
Past performance	2014/15 audited financial outcome <ul style="list-style-type: none"> • Allocated R200 million DoH, of which R189 million (95 per cent) was spent by the end of the national financial year
	2014/15 service delivery performance <ul style="list-style-type: none"> • 92 per cent of grade four school girls received the HPV vaccination • 92.6 per cent of schools with grade four girls were reached by the HPV vaccination team
Projected life	<ul style="list-style-type: none"> • The grant is projected to end in 2017/18 • Funding for this programme will be converted to a direct conditional grant in 2018/19
MTEF allocations	<ul style="list-style-type: none"> • 2016/17: R200 million and 2017/18: R200 million
Payment schedule	<ul style="list-style-type: none"> • Payment will be made according to verified invoices or advance payments in line with approved HPV programme implementation plans
Responsibilities of the transferring officer and receiving officer	Responsibilities of the national department <ul style="list-style-type: none"> • Procure and distribute vaccines and other resources as per the provincial HPV vaccination programme • Monitor and support provincial planning and implementation • Meet with National Treasury to review performance of the grant on a quarterly basis • Strengthen the existing capacity in the child, youth and school health cluster for HPV vaccination coordination within the department • Strengthen the capacity of provinces to deliver the HPV vaccination programme • Initiate a draft transition plan for hand-over to provinces
	Responsibilities of the provincial department <ul style="list-style-type: none"> • Provincial health departments must provide DoH with full and unrestricted access to all records and data related to the programme • Provinces must submit a HPV vaccination implementation plan and micro plan for each district using standard formats as determined by the DoH • Delegate to a person, the responsibility of managing the HPV vaccination programme • Utilise existing human resource and transport capacity at all relevant levels • Provinces must develop draft implementation plans for taking over this function in 2018/19
Process for completion of 2017/18 service level agreement	<ul style="list-style-type: none"> • Submission of SLAs signed by each receiving officer, and the transferring national officer by 31 March 2017 to National Treasury

National Health Insurance Indirect Grant: Ideal Clinics Component	
Transferring department	<ul style="list-style-type: none"> • Health (Vote 16)
Grant schedule	<ul style="list-style-type: none"> • Schedule 6A
Strategic goal	<ul style="list-style-type: none"> • To improve quality of services at primary health care facilities
Grant purpose	<ul style="list-style-type: none"> • To enable the health sector to address the deficiencies in the primary health care facilities systematically to yield fast results
Outcome statements	<ul style="list-style-type: none"> • Improved quality health services in all primary health care facilities
Outputs	<ul style="list-style-type: none"> • 740 primary health care facilities will be improved through: <ul style="list-style-type: none"> ◦ completion, design layout printing and distribution of the Ideal Clinics manual ◦ peer reviewed ◦ move these clinics from an average compliance score of 60 per cent to 70 per cent. This will include improved administrative processes, integrated clinical services to patients, medicine supplies, support services, communication, district health system support
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> • Outcome 2: A long and healthy life for all South Africans
Details contained in the business plan	<ul style="list-style-type: none"> • Input • Output indicators • Outcome indicators • Key activities • Risk management plans
Conditions	<ul style="list-style-type: none"> • Completion of a business plan by the national Department of Health (DoH) signed by the national transferring officer by 24 March 2016 and submitted to the National Treasury by 31 March 2016
Allocation criteria	<ul style="list-style-type: none"> • Allocations are based on the number of identified facilities and their needs in each province
Reason not incorporated in equitable share	<ul style="list-style-type: none"> • Ideal clinic is a key national priority and requires systematic implementation in order to achieve 740 ideal clinics and have the desired impact of improving quality health care services
Past performance	2014/15 audited financial outcome
	<ul style="list-style-type: none"> • New Grant
	2014/15 service delivery performance
	<ul style="list-style-type: none"> • New Grant
Projected life	<ul style="list-style-type: none"> • The grant is projected to end in 2018/19 • The grant will continue over the 2016 medium term expenditure framework (MTEF), subject to review and policy development
MTEF allocations	<ul style="list-style-type: none"> • 2016/17: R10 million; 2017/18: R30 million; and 2018/19: R50 million
Payment schedule	<ul style="list-style-type: none"> • Procurement will be done centrally by DoH based on the approved procurement plan
Responsibilities of the transferring officer and receiving officer	Responsibilities of the national department
	<ul style="list-style-type: none"> • Improve patients' experience of care by improving quality in primary health care facilities • Monitor and support provincial planning and implementation • Submit a quarterly performance report to the National Treasury in terms of the Division of Revenue Act • Meet with the National Treasury to review performance of the grant on a quarterly basis • Strengthen the capacity of provinces to realise and maintain ideal clinic status
	Responsibilities of the provincial department
	<ul style="list-style-type: none"> • Provincial health departments must provide DoH with full and unrestricted access to all records and data related to the programme • Provinces must submit provincial needs as per prescribed format by DoH • Include the ideal clinic indicators in the provincial annual performance plans • Delegate a person responsible for managing the Ideal clinic programme • Provinces must develop draft implementation plans for taking over this function in 2019/20 • Submit monthly performance reports to DoH
Process for completion of 2017/18 business plan	<ul style="list-style-type: none"> • Submission of business plan signed by the transferring officer by 31 March 2017 to National Treasury

National Tertiary Services Grant	
Transferring department	<ul style="list-style-type: none"> • Health (Vote 16)
Grant schedule	<ul style="list-style-type: none"> • Schedule 4A
Strategic goal	<ul style="list-style-type: none"> • To enable provinces to plan, modernise, rationalise and transform the tertiary hospital service delivery platform
Grant purpose	<ul style="list-style-type: none"> • Ensure provision of tertiary health services for all South African citizens (including documented foreign nationals) • To compensate tertiary facilities for the additional costs associated with provision of these services
Outcome statements	<ul style="list-style-type: none"> • Modernised and transformed tertiary services that allow for improved access and equity to address the burden of disease
Outputs	<ul style="list-style-type: none"> • Provision of designated central and national tertiary services in 28 facilities/complexes as agreed to between the province and the national Department of Health (DoH)
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> • Outcome 2: A long and healthy life for all South Africans
Details contained in the service level agreement	<ul style="list-style-type: none"> • This grant uses national service level agreements (SLAs) which are signed between DoH and each province and contains the following: <ul style="list-style-type: none"> ○ national guidelines on definitions of tertiary services that may be funded by the grant ○ final tertiary services specifications funded by the grant, by facility in each province ○ annual targets for inpatient separations, inpatient days, day patient separations, outpatient first visits, outpatient follow up visits per province per year ○ monitoring and reporting responsibilities ○ validation and revision of data ○ deviations or changes to tertiary services ○ referral responsibilities ○ approved business plan ○ specialists funded from the grant
Conditions	<ul style="list-style-type: none"> • Completion of a national SLA in the prescribed format, signed by the provincial Head of Department or receiving officer by 29 February 2016, and the transferring officer by 31 March 2016 • The grant allocation to each central/provincial tertiary facility must not exceed a maximum of 65 per cent of the total facility budget • Modernisation of tertiary services to be a minimum of 10 per cent of the total provincial grant allocation
Allocation criteria	<ul style="list-style-type: none"> • Based on historical allocations and spending patterns
Reason not incorporated in equitable share	<ul style="list-style-type: none"> • There are significant cross boundary flows associated with tertiary services that are not affected by provincial boundaries due to their specialised nature
Past performance	<p>2014/15 audited financial outcomes</p> <ul style="list-style-type: none"> • Allocated and transferred R10.1 billion to provinces, of which R 10.1 billion (100 per cent) was spent by the end of the national financial year <p>2014/15 service delivery performance</p> <ul style="list-style-type: none"> • Provincial tertiary services performance was measured against the SLAs and the total patient activity rendered is as follows: <ul style="list-style-type: none"> ○ 787 338 inpatient separations ○ 3 909 845 inpatient days ○ 303 913 day patient separations ○ 1 131 401 outpatient first visits ○ 3 033 601 outpatient follow up visits
Projected life	<ul style="list-style-type: none"> • Support for tertiary services will continue because of the need to sustain and modernise tertiary services
MTEF allocations	<ul style="list-style-type: none"> • 2016/17: R10.8 billion; 2017/18: R11.5 billion; and 2018/19: R12.2 billion
Payment schedule	<ul style="list-style-type: none"> • Monthly instalments as per payment schedule approved by National Treasury
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> • To convene at least one annual meeting of national, provincial and facility programme managers • Monitor expenditure by economic classification, and patient activity and provide on-site support to facilities/complexes and provinces • Conduct a minimum of two site visits to provinces and a minimum of one site visit to facilities/complexes, with the first site visit to provinces to include facilities

National Tertiary Services Grant	
	Responsibilities of the provincial departments <ul style="list-style-type: none"> • Completion of a provincial SLA or memorandums of understanding signed by the receiving officer and the benefitting institution by 31 March 2016, and submission to DoH by 29 April 2016 • Provinces must gazette facility specific allocations to individual facilities/complexes as per the provincial SLA/memorandum of understanding by 29 April 2016 • Provinces must maintain a separate budget for each benefitting facility • The receiving officer must supply the head of each benefitting facility/complex with a budget letter which includes the equitable share allocation by 29 April 2016 • Conduct a minimum of one site visit to each benefitting facility/complex per quarter and submit minutes/reports of these meetings to DoH at the end of each quarter • Submission of updated specialist details funded by the grant at facility level by 30 November 2016 • Submission of service specifications funded at each facility by 30 November 2016 • Submission of quarterly reports in the approved expenditure areas in the prescribed format • Provide patient utilisation data (inpatient separations, inpatient days, day case separations, outpatient first visits, outpatient follow up visits and patient-day equivalents) as per the prescribed format
Process for approval of 2017/18 service level agreements	<ul style="list-style-type: none"> • Submission of draft business plans (provincial and facility) by 31 October 2016 • Completion of SLA, in the prescribed format, signed by each receiving officer by 28 February 2017 and submitted to the transferring officer by 31 March 2017

HUMAN SETTLEMENTS GRANT

Human Settlements Development Grant	
Transferring department	<ul style="list-style-type: none"> Human Settlements (Vote 38)
Grant schedule	<ul style="list-style-type: none"> Schedule 5A
Strategic goal	<ul style="list-style-type: none"> The creation of sustainable and integrated human settlements that enable improved quality of household life and access to basic services
Grant purpose	<ul style="list-style-type: none"> To provide funding for the creation of sustainable and integrated human settlements
Outcome statements	<ul style="list-style-type: none"> The facilitation and provision of adequate housing and improved quality living environments A functionally equitable and integrated residential property market Enhanced institutional capabilities for effective coordination of spatial investment decisions
Outputs	<ul style="list-style-type: none"> Number of housing opportunities created; including: <ul style="list-style-type: none"> number of residential units delivered in each housing programme number of serviced sites delivered in each housing programme number of finance linked subsidies approved and disbursed number of units built for military veterans Number of individual households in informal settlements provided with access to services/upgraded services Number of individual households in backyards provided with access to services/upgraded services Number of properties transferred and/or title deeds issued (pre 1994 and post 1994 backlogs and new developments) Hectares of well-located land acquired, planned and developed to create housing opportunities Number of work opportunities created through related programmes Number of informal settlements upgraded in situ and/or relocated Number of women and youth service providers contracted and employed in programmes and projects Number of socio-economic amenities delivered integrated developments in human settlements
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> Outcome 8: Sustainable human settlements and improved quality of household life
Details contained in the business plan	<ul style="list-style-type: none"> Medium term strategic framework indicators Project planning and facilitation Outputs and targets Cash flow projections (payment schedule) Quarterly reporting Project information Project readiness matrix
Conditions	<ul style="list-style-type: none"> Funds for this grant should be utilised for the priorities as set out in the 2014-19 Medium term strategic framework for human settlements The transfer of the first tranche of funds is conditional on approval by the national Department of Human Settlements (DHS) of provincial business plans consistent with the provisions of the Housing Act and in compliance with the National Housing Code The transfer of subsequent tranches is conditional on provinces capturing the targets and budget and capturing delivery statistics and expenditure monthly on housing subsidy system (HSS) and the basic accounting system (BAS), at sub-sub-programme level, and submit monthly reconciliations The provinces must ensure alignment between the HSS and BAS on a monthly basis All projects in the approved business plan must be aligned with the integrated development plan (IDP) and the spatial development framework of municipalities as well as the built environment performance plan (BEPP) for metropolitan municipalities Provincial Heads of Departments (HoDs) must sign-off and confirm that projects captured in business plans are assessed and approved for implementation in the 2016/17 financial year Provinces may utilise up to a maximum of five per cent of the provincial allocation for the operational capital budget programme to support the implementation of the projects as contained in the business plan Provinces must make budget allocations consistent with provincial and related municipal backlogs for adequate housing Provinces must gazette allocations for respective accredited municipalities in terms of the Division of Revenue Act by no later than 31 May 2016 Where municipalities have been accredited for the housing function, the provincial business plans must reflect relevant allocations, targets and outputs as agreed and approved with the respective municipalities Provinces may utilise a maximum of two per cent of the human settlements development grant (HSDG) for the provision bulk infrastructure projects for basic services in non-metropolitan municipalities to unlock Human Settlement projects on condition that the funding is complementary with commitments by municipalities in the IDP and municipal budget for provision of such bulk and infrastructure with Municipal Infrastructure Grant funding. The prior approval of the transferring officer is required

Human Settlements Development Grant	
	<ul style="list-style-type: none"> • The HSDG business plans may only be revised if approval to submit a revised business plan is granted by the accounting officer • Funds have been included in this grant for the repair of infrastructure for damage incurred in natural disasters as declared in terms of the Disaster Management Act. Should the cost of repairing the affected infrastructure exceed the amounts earmarked below, provinces may not fund any such shortfalls out of this conditional grant. The following amounts per province must be used for the repair of infrastructure damaged by natural disasters declared in the government gazette and as assessed by the National Disaster Management Centre (NDMC): <ul style="list-style-type: none"> ○ Eastern Cape: R100 million ○ Gauteng: R47 million ○ Limpopo: R30 million ○ Mpumalanga: R18 million • Business plans for the allocated disaster funds must be in line with the post disaster verification assessment reports and must be submitted to the NDMC and the national department • Disaster reconstruction and rehabilitation funds may only be utilised for approved projects as listed in the post disaster verification assessment reports and approved business plans • Monthly and quarterly performance reports on disaster allocations must be submitted to the NDMC and national department • A minimum of 30 per cent of the total HSDG allocation must be allocated for the upgrading of informal settlements programme with targets segregated per province in the delivery agreement • In addition, the following funds must be earmarked to support the upgrading of informal settlement in the area of each respective mining town. These are additional funds and may not be used to replace existing baseline funds allocated to projects in these areas: The following funds may only be utilised to funds projects and related infrastructure (including bulk) for housing and human settlements developments in the following prioritised mining towns: <ul style="list-style-type: none"> ○ Free State: <ul style="list-style-type: none"> – Matjhabeng: R101 million ○ Gauteng: <ul style="list-style-type: none"> – Merafong City: R26 million – GT485: R77 million – Mogale City: R20 million ○ Limpopo: <ul style="list-style-type: none"> – Thabazimbi: R27 million – Elias Motsoaledi: R12 million – Lephalale: R18 million – LIM476: R9 million ○ Mpumalanga: <ul style="list-style-type: none"> – Emalahleni: R96 million – Steve Tshwete: R38 million – Thaba Chweu: R28 million ○ Northern Cape: <ul style="list-style-type: none"> – Tsantsabane: R11 million – Ga-Segonyana: R13 million – Gamagara: R10 million – Kgatelopele: R2 million ○ North West: <ul style="list-style-type: none"> – Kgetleng river: R15 million – Madibeng: R240 million – Moses Kotane: R60 million – Rustenburg: R201 million – Matlosana: R69 million • The following funds are ring-fenced for utilisation in the eradication of the title deed registration backlog linked to provincial title deed registration implementation plans which must be included in the project readiness matrix and business plan. Funds may only be spent in terms of the approved business plan • These funds cannot be used for current and new projects: <ul style="list-style-type: none"> ○ Eastern Cape: R39 million ○ Free State: R30 million ○ Gauteng: R62 million ○ KwaZulu-Natal: R60 million ○ Limpopo: R13 million ○ Mpumalanga: R30 million ○ Northern Cape: R12 million ○ North West: R30 million

Human Settlements Development Grant	
	<ul style="list-style-type: none"> ○ Western Cape: R30 million ● Provinces must include the nationally approved human settlements catalytic projects in their business plans as per the catalytic programme requirements. In addition provinces must allocate a reasonable percentage of their grants to the approved national priority catalytic projects in line with their projects readiness status ● A minimum of 30 per cent of the HSDG allocations should be allocated to contracts awarded to women and youth service providers ● At least two per cent of the HSDG grant should be allocated to programmes and projects for the implementation of innovative building technologies in the human settlements implementation delivery chain
Allocation criteria	<ul style="list-style-type: none"> ● The grant is allocated through the HSDG allocation formula approved by the Human Settlements MINMEC and National Treasury. The formula is based primarily on the share of inadequate housing in each province but also accounts for population size and extent of poverty in each province ● Funds for informal settlement upgrading in mining towns are allocated based on project plans as agreed with provinces and municipalities in terms of the Presidential Mining Towns Intervention
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> ● A conditional grant enables the national department to provide effective oversight and ensure compliance with the National Housing Code
Past performance	2014/15 audited financial outcome <ul style="list-style-type: none"> ● Allocated and transferred R17.1 billion of which R17 billion (99 per cent) was spent by the end of the national financial year
	2014/15 service delivery performance <ul style="list-style-type: none"> ● 94 566 housing units completed ● 49 345 serviced sites completed
Projected life	<ul style="list-style-type: none"> ● This is a long term grant as government has an obligation to assist the poor with the provision of human settlements in terms of the Constitution
MTEF allocations	<ul style="list-style-type: none"> ● 2016/17: R18.3 billion; 2017/18: R21.1 billion; and 2018/19: R22.3 billion
Payment schedule	<ul style="list-style-type: none"> ● Monthly instalments as per the payment schedule approved by National Treasury
Responsibilities of the transferring officer and receiving officer	Responsibilities of the national department <ul style="list-style-type: none"> ● Finalise and ensure the approval of the applicable subsidy quantum per programme and the allocation formula for the delivery of sustainable and integrated human settlements ● Approve the final national and provincial business plans and issue compliance certificates ● Assess and make recommendations on the credibility of provincial business plans and the readiness of projects captured therein ● Ensure that provinces align financial and non-financial information in terms of reporting in BAS, HSS, provincial business plans and provincial quarterly reports ● Monitor provincial, financial and non-financial grant performance and control systems related to the HSDG ● Ensure provinces comply with the reporting requirements for the HSS in terms of frequency and quality of the input ● Provide support to provinces and accredited municipalities with regards to human settlements delivery as may be required ● Undertake structured and other visits to provinces and metropolitan municipalities as is necessary ● Facilitate regular interaction between DHS and provincial departments of human settlements and accredited municipalities ● Submit an annual evaluation report for 2015/16 on the performance of the grant to National Treasury by 29 July 2016 ● Evaluate the audited provincial annual reports for submission to National Treasury by 15 December 2016 ● Submit quarterly performance reports to National Treasury within 45 days after the end of each quarter ● Provide systems including HSS, that support the administration of the human settlements delivery process ● Comply with the responsibilities of the transferring officer outlined in the 2016 DoRA ● Publish approved business plans ● Provinces should ensure that they implement the programmes only in the approved business plans

Human Settlements Development Grant	
	<p>Responsibilities of the provincial departments</p> <ul style="list-style-type: none"> • Submit 2015/16 annual evaluation reports to DHS by 30 May 2016 • Submit 2015/16 audited annual reports to the DHS by 30 September 2016 • Prioritise funds in order to build houses to meet the quota set for the military veterans • Support accredited municipalities in carrying out delegated functions as per the accreditation framework • Provinces must utilise the HSS for the administration and related performance reporting of all the human settlement delivery programmes and processes • Any malicious use or non-compliance to the HSS will result in funds being withheld or stopped in terms of DoRA • Provinces must ensure alignment of financial and non-financial reporting in terms of reporting in BAS, HSS, approved provincial business plans, and provincial quarterly reports • Ensure effective and efficient utilisation of and access to the HSS by municipalities • Comply with the Housing Act, Housing Code and the national delivery agreements that have been concluded • The monthly expenditure report, as contemplated in section 12(3) of the 2016 DoRA and section 40(4)(c) of the Public Finance Management Act (PFMA), must be submitted by the 15th of every month for the preceding month with work in progress inclusive of expenditure and monthly BAS and HSS reconciliation as stipulated on the Practice Note dated 24 April 2015 • The monthly DoRA expenditure and quarterly reports must be signed by both the HoD and the relevant provincial treasury HoD • Submit the reports on the outputs as mentioned on this framework above by the 15th of every month for the preceding month • Provinces should ensure that they only implement the programmes in the approved business plans • Consult with municipalities on the programme and projects submitted for approval in terms of the HSDG business plan • Ensure all projects to be implemented are contained in the municipal IDP • Ensure that the relevant amounts to be applied and transferred to municipalities are gazetted by no later than 31 May 2016
Process for approval of the 2017/18 business plans	<ul style="list-style-type: none"> • Draft provincial business plans for 2017/18 financial year and project readiness matrix to be submitted to the national department by 13 October 2016 • Submit final provincial business plans, project readiness matrix, including cash flow projections and compliance certificates for 2017/18 financial year to the DHS by 17 February 2017 • Business plans for 2016/17 should not include any projects for rectification (pre and post 1994), IDP chapters, blocked projects, CRU (constructed and/or upgraded), project linked, consolidation subsidies (blocked projects)

PUBLIC WORKS GRANTS

Expanded Public Works Programme Integrated Grant for Provinces	
Transferring department	<ul style="list-style-type: none"> Public Works (Vote 11)
Grant schedule	<ul style="list-style-type: none"> Schedule 5A
Strategic goal	<ul style="list-style-type: none"> To provide Expanded Public Works Programme (EPWP) funding to expand job creation efforts in specific focus areas, where labour intensive delivery methods can be maximised
Grant purpose	<ul style="list-style-type: none"> To incentivise provincial departments to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas, in compliance with the EPWP guidelines: <ul style="list-style-type: none"> road maintenance and the maintenance of buildings low traffic volume roads and rural roads other economic and social infrastructure tourism and cultural industries sustainable land based livelihoods waste management
Outcome statements	<ul style="list-style-type: none"> Improved quality of life of poor people and increased social stability through engaging the previously unemployed in paid and productive activities Reduced level of poverty Contribute towards increased levels of employment Improved opportunities for sustainable work through experience and learning gained
Outputs	<ul style="list-style-type: none"> Number of people employed and receiving income through the EPWP Increased average duration of the work opportunities created
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> Outcome 4: Decent employment through inclusive economic growth
Details contained in the business plan	<ul style="list-style-type: none"> The programme is implemented through provinces using incentive agreements that contain project lists and targets for the creation of Full Time Equivalents (FTEs) and work opportunities
Conditions	<ul style="list-style-type: none"> EPWP projects must comply with the project selection criteria determined in the EPWP grant manual, the EPWP guidelines set by Department of Public Works (DPW) and the ministerial determination Eligible provincial departments must sign a funding agreement with their final EPWP project list attached, before the first planned disbursement of the grant Provincial departments must report quarterly on all projects via DPW's EPWP reporting system Reports must be loaded on the EPWP reporting system within 15 days after the end of every quarter in order for progress to be assessed The grant cannot be used for departmental personnel costs, however a maximum of five per cent of the grant can be used to fund contract based capacity required to manage data capturing and on-site management costs related to the use of labour intensive methods The grant can only be utilised for EPWP purposes and for the projects approved in the incentive agreement signed by each eligible provincial department To receive the first planned grant disbursement, eligible provincial departments must: <ul style="list-style-type: none"> submit a final EPWP project list by 29 April 2016 sign a grant agreement with DPW Subsequent grant disbursements are conditional upon eligible provincial departments: <ul style="list-style-type: none"> reporting on EPWP performance quarterly within the required timeframes implementing their approved EPWP project list as planned towards the agreed job creation targets EPWP branding must be incorporated in any existing signage as per corporate identity manual Provincial departments must maintain beneficiary and or payroll records as specified in the audit requirements in the EPWP grant manual, and make these available to DPW for data quality assessment tests
Allocation criteria	<ul style="list-style-type: none"> To be eligible for an EPWP grant allocation in 2016/17, a provincial department must have reported EPWP performance (in either the infrastructure or environment and culture sector) by 14 October 2016 The EPWP grant allocations are based on EPWP performance in the past 18 months, number of FTEs created per million rand, and the duration of the work opportunities created
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> This grant is intended to fund expansion in specific focus areas as well as incentivise increased EPWP performance The grant is based on performance, the potential to expand and the need for EPWP work in key geographic regions
Past performance	<p>2014/15 audited financial outcomes</p> <ul style="list-style-type: none"> Out of the R349 million allocated amount, R348 million was transferred (99 per cent) of which R320 million (92 per cent) was spent by the end of the national financial year <p>2014/15 service delivery performance</p> <ul style="list-style-type: none"> 257 947 work opportunities reported and 87 496 FTEs created
Projected life	<ul style="list-style-type: none"> Grant continues until the end of 2018/19 financial year, subject to review
MTEF allocations	<ul style="list-style-type: none"> 2016/17: R402 million; 2017/18: R424 million; and 2018/19: R448 million
Payment schedule	<ul style="list-style-type: none"> Three instalments per annum: 25 per cent, 13 May 2016; 45 per cent, 15 August 2016; and 30 per cent, 15 November 2016

Expanded Public Works Programme Integrated Grant for Provinces	
Responsibilities of the transferring officer and receiving officer	Responsibilities of the national department <ul style="list-style-type: none"> • Determine eligibility and set grant allocations and FTE targets for eligible provincial departments • Publish on the EPWP website all documents relevant for provincial departments to understand and implement the grant, including a grant manual, the relevant EPWP guidelines and the ministerial determination • Support provincial departments, in the manner agreed to in the funding agreement, to identify suitable EPWP projects, develop EPWP project lists in accordance with the EPWP project selection criteria, apply the EPWP project selection criteria and EPWP guidelines to project design, report using the EPWP reporting system • Monitor the performance and spending of provincial departments and assess progress towards their implementation of EPWP project lists • Disburse the grant to eligible provinces • Report to National Treasury progress against FTE targets and spending against the grant allocation on a quarterly basis • Conduct data quality assessments on a continuous basis to support good governance and identify areas for administrative improvement • Manage the EPWP coordinating structures in collaboration with provincial coordinating departments to support implementation, identify blockages and facilitate innovative solutions • Support the sector to collect the required data, align monitoring and reporting frameworks and to report on key outputs on the EPWP web-based system
	Responsibilities of the provincial departments <ul style="list-style-type: none"> • Develop and submit an EPWP project list to the DPW by 29 April 2016 • Sign the standard funding agreement with DPW agreeing to comply with the conditions of the grant before receiving any grant disbursement by 29 April 2016 • Agree on the areas requiring technical support from DPW upon signing the grant agreement • Report on all EPWP projects into the EPWP reporting system and update progress quarterly in accordance with the reporting requirements and timelines stipulated in the grant agreement
Process for approval of the 2017/18 business plans	<ul style="list-style-type: none"> • Provincial departments must report on performance of EPWP projects for the 2015/16 financial year by 15 April 2016 or report on 2016/17 performance by 14 October 2016 to be eligible for a grant allocation • Provincial departments must submit draft 2017/18 EPWP project lists to DPW by the end of April 2017 • Eligible provincial departments must sign the standard funding agreement with an approved 2017/18 EPWP project list by the end of April 2017

Social Sector Expanded Public Works Programme Incentive Grant for Provinces	
Transferring department	<ul style="list-style-type: none"> Public Works (Vote 11)
Grant schedule	<ul style="list-style-type: none"> Schedule 5A
Strategic goal	<ul style="list-style-type: none"> To increase job creation through the expansion of the social sector Expanded Public Works Programme (EPWP)
Grant purpose	<ul style="list-style-type: none"> To incentivise provincial social sector departments, identified in the 2015 social sector EPWP log-frame to increase job creation by focusing on the strengthening and expansion of social sector programmes that have employment potential
Outcome statements	<ul style="list-style-type: none"> Improved service delivery to communities by expanding the reach and quality of social services Contribute towards increased levels of employment Improved opportunities for sustainable work through experience and learning gained Strengthened capacity of non-government delivery partners through increased access to funds for training, wages and administration
Outputs	<ul style="list-style-type: none"> 15 689 Full Time Equivalents (FTEs) funded through this grant A minimum 15 035 people employed and receiving income through the EPWP A minimum average duration of 200 person days for work opportunities created A minimum of 60 000 households to which services are provided A minimum of 120 000 beneficiaries to whom services are provided A minimum of 1000 beneficiaries who received training
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> Outcome 4: Decent employment through inclusive economic growth Outcome 5: A skilled and capable workforce to support an inclusive growth path
Details contained in the business plan	<ul style="list-style-type: none"> Outcome indicators Output indicators Inputs Key activities
Conditions	<ul style="list-style-type: none"> Provincial departments must report EPWP expenditure on the monthly In-Year Monitoring (IYM) tool in accordance with section 32 of the Public Finance Management Act Reports on financial and non-financial performance must be loaded on the EPWP reporting system within 15 days after the end of each quarter Provincial departments must adhere to the audit requirements stipulated in the social sector EPWP incentive grant manual The incentive grant allocation must be used to expand job creation programmes in the social sector The incentive grant allocation must be used to fund the following priority areas: <ul style="list-style-type: none"> to provide stipends to unpaid volunteers at a minimum R78.86 per day and further adjustments as per the Ministerial Determination for EPWP Workers and the prescripts of the Department of Labour to provide additional allocations for prioritising existing programmes that contributed to achieving EPWP targets to expand social sector EPWP programmes as identified in the EPWP social sector log-frame for creation of additional work opportunities A minimum of 80 per cent of the total incentive allocation must be used to pay stipends or wages Of this 80 per cent, at least 25 per cent must be used for the creation of work opportunities for persons not previously employed in the relevant programme EPWP branding must be incorporated in any existing signage as per corporate identity manual The balance of the overall incentive allocation must be used for capacity-building at the implementation level or the standardisation of wages Maintain beneficiary and payroll records as specified in the audit requirements of the EPWP grant manual
Allocation criteria	<ul style="list-style-type: none"> To be eligible for an incentive allocation in 2016/17, a provincial department must have reported 2014/15 and/or 2015/16 EPWP performance by 15 October 2015 Departments receive a participation allocation which depends on the number of FTEs contributed in the preceding 18 months leading up to 30 September 2015 For departments that reported in 2014/15, the department's performance is assessed against a set of social sector EPWP standards to determine the size of an additional allocation. These are: <ul style="list-style-type: none"> number of FTEs per million rand per departmental programme as compared to the median value for similar programmes (cost-effectiveness) beneficiary profile consisting of 2 per cent persons with disabilities beneficiary profile consisting of 55 per cent youth beneficiary profile consisting of 55 per cent female beneficiaries 10 per cent of days worked spent in training average duration of work opportunities average minimum daily wage of R70.59 from April to October 2014 and R75.10 from November 2014 to March 2015 (per person day of work) The additional allocation for each eligible provincial department is based on its proportion of the total allocation, which is derived by multiplying a composite score against the above standards with the number of FTEs created in the 18 month period prior

Social Sector Expanded Public Works Programme Incentive Grant for Provinces	
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> The incentive allocation is based on the performance of programmes in a prior financial year and use of the allocation is specifically earmarked for EPWP programme expansion
Past performance	2014/15 audited financial outcomes <ul style="list-style-type: none"> Of the total R258 million allocated R247 million (96 per cent) was spent by the end of the national financial year
	2014/15 service delivery performance <ul style="list-style-type: none"> 12 967 FTEs were created 705 540 households serviced 647 non-profit organisations administratively supported
Projected life	<ul style="list-style-type: none"> Ongoing subject to review
MTEF allocations	<ul style="list-style-type: none"> 2016/17: R360 million; 2017/18: R386 million; and 2018/19: R408 million
Payment schedule	<ul style="list-style-type: none"> Three instalments per annum: 25 per cent, 6 May 2016; 45 per cent, 29 July 2016; and 30 per cent, 31 October 2016
Responsibilities of the transferring officer and receiving officer	Responsibilities of the national department <ul style="list-style-type: none"> Determine the eligibility of provincial departments, set job creation targets and performance measures and calculate incentive allocations Revise an incentive manual that will provide provincial departments with standard information on the rules of the incentive programme, its application, monitoring and evaluation information and audit regulations Develop an incentive agreement outlining the requirements of the incentive grant and ensure that each provincial department signs the agreement by 15 April 2016 Reach agreement with national sector departments on their roles in ensuring effective implementation of the incentive grant by 15 April 2016 Support provincial departments to develop plans to meet job creation targets Support the sector to collect the required data, align monitoring and reporting frameworks and to report on key outputs on the EPWP reporting system Monitor the performance of provincial departments and the use of the incentive grant against the conditions in the framework and report to National Treasury on monthly and quarterly progress Audit the final performance of provincial departments after the end of the financial year Report quarterly to provincial departments on projected eligibility for the incentive grant in the following year Issue guidelines to provincial departments on how to report expenditure by 31 March 2016 Identify anomalies in the reported data
	Responsibilities of the provincial department <ul style="list-style-type: none"> Compile and sign business plans on how to achieve the incentive grant targets by 31 March 2016 By 15 April 2016, sign the standard incentive agreement with national Department of Public Works agreeing to comply with the conditions and obligations of the grant before receiving any incentive payment Report EPWP performance onto the EPWP reporting system and update progress monthly and quarterly in accordance with the reporting requirements in the incentive agreement Provide financial and non-financial data on the use of the incentive grant on a monthly and quarterly basis in the format and manner prescribed by National Treasury and DPW
Process for approval of the 2017/18 business plans	<ul style="list-style-type: none"> Provincial departments must have reported EPWP performance by 14 October 2016 to be eligible for an allocation Provincial departments participate in the planning exercise from December to January each year and submit their business plans and targets to DPW during this process in the format prescribed DPW to distribute the incentive agreements for provincial Head of Department endorsement by end of March every year Provincial departments sign the incentive agreement with DPW by 14 April 2017 and agree to comply with the conditions and obligations of the incentive grant

SOCIAL DEVELOPMENT GRANT

Substance Abuse Treatment Grant	
Transferring department	<ul style="list-style-type: none"> • Social Development (Vote 17)
Grant schedule	<ul style="list-style-type: none"> • Schedule 5A
Strategic goal	<ul style="list-style-type: none"> • To strengthen the harm reduction programme by providing treatment for substance abuse • To improve access to public substance dependency treatment facilities
Grant purpose	<ul style="list-style-type: none"> • To provide funding for the construction of substance dependency treatment facilities in the provinces of Eastern Cape, Free State, Northern Cape and North West
Outcome statements	<ul style="list-style-type: none"> • Reduction in recurrence of substance abuse • Affordable public treatment programmes
Outputs	<ul style="list-style-type: none"> • Four substance dependency treatment facilities
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> • Outcome 2: A long and healthy life for all South Africans
Details contained in the business plan	<ul style="list-style-type: none"> • The business plan in this grant will be replaced by the project implementation plan (PIP) and will include the following: <ul style="list-style-type: none"> ◦ project schedule ◦ cost plan ◦ annual project cash flows and milestones ◦ risk plan ◦ project governance structure assigning roles and responsibilities for the management of the project ◦ detailed project designs
Conditions	<ul style="list-style-type: none"> • All required reports must be signed-off by the relevant delegated official within the provincial department, however final approval needs to be obtained from national Department of Social Development (DSD) in order to commence with the next stage • The PIPs must be approved by DSD • The flow of the first instalment of the grant depends upon receipt by DSD and provincial treasuries of: <ul style="list-style-type: none"> ◦ monthly progress reports via the infrastructure reporting model (IRM) including a narrative progress report on the project ◦ PIP signed by the Head of Department of the provincial Department of Social Development
Allocation criteria	<ul style="list-style-type: none"> • Provinces were allocated funds according to the cost calculations for a standard design guideline of a substance dependency treatment centre
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> • This grant enables the DSD to ensure the delivery of substance abuse treatment facilities in the four provinces that do not have these public facilities
Past performance	<p>2014/15 audited financial outcome</p> <ul style="list-style-type: none"> • Eastern Cape: R13 million allocated, R13 million (96.9 per cent) was spent • Free State: R2 million allocated, R2 million (95 per cent) was spent • Northern Cape: R2 million allocated, R2 million (99.9 per cent) was spent • North West: R12 million allocated, R11 million (91.8 per cent) was spent <p>2014/15 service delivery performance</p> <ul style="list-style-type: none"> • One centre constructed in the Eastern Cape Province, North West province in the construction phase and Northern Cape and Free State in the planning and design phase
Projected life	<ul style="list-style-type: none"> • The use of this grant for construction comes to an end in 2016/17. Starting 2017/18 the grant will temporarily support operation of centres, and will be subject to review in 2018/19
MTEF allocations	<ul style="list-style-type: none"> • 2016/17: R 86 million; 2017/18: R57 million; and 2018/19: R71 million
Payment schedule	<ul style="list-style-type: none"> • Transfers are made on a quarterly basis
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> • Monitoring compliance to conditional grant framework • Monitor implementation through project site visits and provide appropriate support • Provide the guidelines and criteria for the development and approval of the PIP • Submit an annual evaluation report after the end of the 2015/16 financial year, four months after the financial year • Provide National Treasury with a quarterly report against the project plan 45 days after the end of each quarter • Initiate a process to guide the allocation criteria of funds for operation budgets starting 2017/18 <p>Responsibilities of the provincial department</p> <ul style="list-style-type: none"> • Provincial departments must establish committees with the relevant implementing agents, and hold monthly meetings that are minuted to review progress on site • Submit a PIP developed together with the implementing agents • Provinces to implement the project charter as approved by DSD • DSD must be notified in writing about deviations before implementation can take place • Provinces to submit evaluation reports to DSD two months after the end of the financial year • Provinces to report on IRM on a monthly basis
Process for approval of the 2017/18 business plans	<ul style="list-style-type: none"> • National Transferring Officer approves business plans and submits to National Treasury by 31 March 2017

SPORT AND RECREATION SOUTH AFRICA CONDITIONAL GRANT

Mass Participation and Sport Development Grant	
Transferring department	<ul style="list-style-type: none"> • Sport and Recreation South Africa (Vote 40)
Grant schedule	<ul style="list-style-type: none"> • Schedule 5A
Strategic goal	<ul style="list-style-type: none"> • Increasing citizens' access to sport and recreation activities
Grant purpose	<ul style="list-style-type: none"> • To facilitate sport and recreation participation and empowerment in partnership with relevant stakeholders
Outcome statements	<ul style="list-style-type: none"> • Increased and sustained participation in sport and recreation • Improved sector capacity to deliver sport and recreation
Outputs	<ul style="list-style-type: none"> • School Sport <ul style="list-style-type: none"> ○ learners supported to participate in national school sport competitions ○ learners participating in school sport tournaments at provincial level ○ learners participating in school sport tournaments at district level ○ educators trained to deliver school sport programmes ○ volunteers trained to deliver school sport programmes ○ schools provided with equipment and/ or attire ○ 48 sport focus schools supported ○ school sport coordinators remunerated ○ provincial school sport structures supported ○ district school Sport structures supported • Siyadlala: Community Sport and Recreation <ul style="list-style-type: none"> ○ youth participating at youth camps ○ sport and recreation events organised and implemented ○ people actively participating in sport and recreation events ○ sport and recreation projects implemented by the sport councils/confederations ○ people trained as part of community sport- recreation ○ provincial programmes implemented in line with the main purpose of the grant framework ○ hubs provided with equipment and/or attire ○ hubs supported • Club Development <ul style="list-style-type: none"> ○ local leagues supported to foster Club Development - Federations ○ clubs supported to participate in local leagues ○ people trained as part of club development programme • Academies <ul style="list-style-type: none"> ○ athletes supported by sport academies ○ sports academies supported ○ people trained to deliver sports academy programme ○ staff appointed on a long term or permanent basis
Priority outcome of government that this grant primarily contributes to	<ul style="list-style-type: none"> • Outcome 14: Nation building and social cohesion
Details contained in the business plan	<ul style="list-style-type: none"> • Outcome indicators • Output indicators • Key activities
Conditions	<p>Provincial compliance</p> <ul style="list-style-type: none"> • Provincial departments must ensure that: <ul style="list-style-type: none"> ○ all structures at all levels are aligned to the sports recreation RSA priority codes to contribute to seamless service delivery ○ 50 per cent of the clubs and hubs established must be from rural and farm areas ○ submit performance evidence of what is reported to be achieved irrespective of the status of the project ○ funds from this grant are not used on projects falling outside the scope of the grant unless prior written request and approval to such effect is granted by accounting officer of Sports and Recreation South Africa (SRSA)

Mass Participation and Sport Development Grant	
	<ul style="list-style-type: none"> Conditional grant must be utilised according to the following allocation: <ul style="list-style-type: none"> Employment of permanent staff 6 per cent Branding 1 per cent District and provincial Academies 8 per cent Provincial Sports Councils/Confederations 5 per cent School Sport 40 per cent Siyadlala 18 per cent Club Development 18 per cent Provincial Programmes 4 per cent Total 100 per cent <p>School Sport: 40 per cent</p> <ul style="list-style-type: none"> Province must ring fence R10 million to provide transport, accommodation, meals, attire and support for the delivery of provincial teams to national sport tournaments hosted by SRSA The remaining school sport allocation must be allocated in the following proportions: <ul style="list-style-type: none"> 10 per cent to support the training of educators and school sport volunteers 10 per cent to purchase equipment and or attire for schools below quintal 3 identified through participation in leagues 40 per cent to deliver district and provincial competitions 10 per cent to support the implementation of sport focus schools 15 per cent to remunerate circuit coordinators who coordinate and support the delivery of school sport programmes and monitor and evaluate at a local level 10 per cent to support school sport structures 5 per cent for administration costs <p>Siyadlala Community Sport: 18 per cent</p> <ul style="list-style-type: none"> Provinces must ring fence R3 million per province for Youth Camps at Provincial level to provide transport, accommodation, meals, attire, security, public liability, medical, stationary, plenary meetings and administration The remaining Siyadlala allocation must be allocated in the following proportions: <ul style="list-style-type: none"> 45 per cent for sport and recreation events 15 per cent to purchase equipment 10 per cent to purchase attire 5 per cent for Minister's outreach programmes (15 per cent for training, 10 per cent for administration costs) <p>Club Development: 18 per cent</p> <ul style="list-style-type: none"> The portion of the grant ring-fenced for club development must be used in the following proportions: <ul style="list-style-type: none"> 15 per cent for training 50 per cent for tournaments and league fixtures 25 per cent to purchase equipment and attire 10 per cent for administration costs <p>Sports Council/ Confederations: 5 per cent</p> <ul style="list-style-type: none"> Provinces may transfer funds allocated to provincial sports councils/confederation provided there: <ul style="list-style-type: none"> a prior transfer plan has been included in the approved provincial business plan a service level agreement or memorandum of agreement, between the provincial department and the provincial sports councils/confederations is in place and expenditure and performance monitoring mechanisms of the provincial sports council <p>Provincial Programmes: 4 per cent</p> <ul style="list-style-type: none"> Provincial specific programmes that are implemented must be in line with the main purpose of the grant <p>District and provincial academies: 8 per cent</p> <ul style="list-style-type: none"> This allocation must be used for the establishment and development of district and provincial academies in line with the sports academies framework and guidelines from SRSA: <ul style="list-style-type: none"> 5 per cent for administration 20 per cent for training in the following: talent identification and scouting, coaching, medical and scientific service, life skills and counselling 40 per cent resourcing of district and provincial academies 35 per cent athlete support as documented in the academy framework

Mass Participation and Sport Development Grant	
	<ul style="list-style-type: none"> Provinces may transfer funds allocated to the academies with the following conditions <ul style="list-style-type: none"> there must be a plan for the transfer and that must be part of the provincial business plan approved by SRSA the transfer agreement must include the allocated breakdown as above and the implementation plan there must be a service level agreement or memorandum of agreement, between the provincial department and academies in place Provinces based on their provincial dynamics, may apply to the Director-General to change the above sub-allocations Non adherence to these conditions will result in implementation of penalties set out in the penalty schedule agreed on National Training Centre, Free State: 4.5 per cent (excludes the ring-fenced amounts): <ul style="list-style-type: none"> funds allocated to the national training centre (NTC) must only be used for the construction of the centre that will serve all the national teams Club Development Pilot, KwaZulu-Natal and Limpopo: 3 per cent (excludes ring-fenced amounts) <ul style="list-style-type: none"> these provinces will pilot the system by identifying no less than 300 clubs in Football, Netball and Athletics to participate. These provinces will have to acquire franchises to ensure sustainability to the supported clubs. both KwaZulu-Natal and Limpopo must ring-fence R6 million within the club development allocations for this pilot
Allocation criteria	<ul style="list-style-type: none"> Funds are distributed among provinces on the basis of baseline allocation of R20 million, needs analysis, and provincial equitable share formula
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> Conditional grant is necessary to ensure national coordination, monitoring and facilitation
Past performance	<p>2014/15 audited financial outcomes</p> <ul style="list-style-type: none"> Allocated and transferred R525 million to provinces. Of the total available including provincial roll-overs of R1 million, R526 million (98 per cent) was spent <p>2014/15 service delivery performance</p> <ul style="list-style-type: none"> Number of people trained in sport and development: 3 849 educators Number of people participating in the programme: 1 255 296 people participated in schools, hubs and clubs 8 307 Learners (4 165 males and 4 142 females) 3 849 educators were trained 1 580 schools and 887 hubs received equipment and attire 381 permanent employment opportunities were created 1 225 296 from sport and recreation hubs actively participated in sport and recreation activities 3 746 athletes were supported through the sport academy system
Projected life	<ul style="list-style-type: none"> Ongoing subject to review as agreed with National Treasury
MTEF allocations	<ul style="list-style-type: none"> 2016/17: R556 million; 2017/18: R586 million; and 2018/19: R618 million
Payment schedule	<ul style="list-style-type: none"> Four instalments: 31 May 2016; 31 August 2016; 30 November 2016; and 30 January 2017
Responsibilities of the transferring national officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> Agree on outputs and targets with provincial departments in line with grant objectives for 2017/18 by 30 September 2016 Provide the guidelines and criteria for the development and approval of business plans Monitor implementation and provide support Ensure that capacity exists to manage the grant and that there is a grant manager responsible for the grant <p>Responsibilities of the provincial departments</p> <ul style="list-style-type: none"> Ensure that measurable objectives and performance indicators of the conditional grant (as agreed to by SRSA) are reflected in the respective provincial departments' annual performance plan for 2016/17 Submit the 2015/16 annual evaluation report to SRSA by 31 May 2016 Submit monthly reports as per the requirements contained in the DoRA Submit quarterly performance reports (as per operational plans) to SRSA Monitor progress of the grant implementation as per business plan Ensure that provincial grant managers attend all the national conditional grant meetings Ensure that capacity exists to manage the grant

Mass Participation and Sport Development Grant	
Process for approval of the 2017/18 business plans	<ul style="list-style-type: none"> • Provinces to provide draft business plans to SRSA by 4 November 2016 • SRSA evaluates draft business plans by 19 December 2016 • Comments sent to provinces by 30 December 2016 • Provinces to submit revised business plans to SRSA by 27 January 2017 • SRSA to approve revised business plans by 10 February 2017 • Heads of departments to submit signed business plans to SRSA by 31 March 2017 • SRSA to sign project implementation agreements and business plans with provincial Heads of Departments by 14 April 2017 • SRSA to submit approved business plans to National Treasury by 31 May 2017

TRANSPORT GRANTS

Provincial Roads Maintenance Grant	
Transferring department	<ul style="list-style-type: none"> Transport (Vote 35)
Grant Schedule	<ul style="list-style-type: none"> Schedule 4A
Strategic goal	<ul style="list-style-type: none"> To ensure efficient and effective investment in provincial roads to implement the Road Infrastructure Strategic Framework For South Africa (RISFSA) in line with the S'hamba Sonke road programme and other related road infrastructure asset management programmes
Grant purpose	<ul style="list-style-type: none"> To supplement provincial investments for routine, periodic and special maintenance To ensure all roads are classified as per RISFSA and the Technical Recommendation for Highways (TRH) 26 Road Classification and Access Management (RCAM) guidelines To implement and maintain Road Asset Management Systems (RAMS) as per Technical Methods for Highways (TMH) 22 To supplement provincial projects for the repair of roads and bridges damaged by declared natural disasters To improve the state of the road network serving electricity generation infrastructure To improve road safety with a special focus on pedestrian safety in rural areas
Outcome statements	<ul style="list-style-type: none"> Improve the condition and lifespan of the assets (provincial roads), thereby improving the level of service Improved rates of employment, community participation and skills development through the delivery of roads infrastructure projects (Expanded Public Works Programme (EPWP) objective) Create work opportunities for unemployed people through labour-intensive construction methodologies for the delivery of road infrastructure projects
Outputs	<ul style="list-style-type: none"> Road classification processes are 100 per cent complete and continuously maintained, including all newly proclaimed constructed and upgraded roads Fully functional RAMS in line with minimum TMH 22 requirements for a provincial road authority Network condition assessment and determination of project priority list from the RAMS The following actual delivery related measures against 2016/17 targets defined in the final Road Asset Management Plan (RAMP) for each province: <ul style="list-style-type: none"> number of lane kilometres of surfaced roads rehabilitated number of lane kilometres of surfaced roads resurfaced (overlay or reseal) number of m² of blacktop patching (including pothole repairs) number of kilometres of gravel roads re-gravelled number of kilometres of gravel roads bladed The following performance based on national job creation indicators <ul style="list-style-type: none"> number of jobs created number of full time equivalents (FTEs) created number of youths employed (18 – 35) number of women employed number of people living with disabilities employed Updated road condition data as per TMH 22 (paved and unpaved), traffic data, and bridge condition report by 30 November 2016 Number of contractors in the Contractor Development Programme (CDP) <ul style="list-style-type: none"> number of contractors graduating through the Construction Industry Development Board grading system
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> Outcome 6: An efficient, competitive and responsive economic infrastructure network
Details contained in the business plan	<ul style="list-style-type: none"> This grant uses a RAMP, which contains the following details: <ul style="list-style-type: none"> level of service network condition and traffic volumes project lists for 2016/17 to 2018/19 with a summary of targets as per Key Performance Indicators (KPIs) for preventative, routine and emergency maintenance and road rehabilitation works financial summary organisational and support plan job creation estimates emerging contractor opportunities linkages to socio economic activities and opportunities
Conditions	<ul style="list-style-type: none"> Provinces may use a maximum of R10 million from the Provincial Roads Maintenance Grant (PRMG), subject to approval from Department of Transport (DoT), for: <ul style="list-style-type: none"> the completion of road classification as per TRH 26 and updating of the geographic information system (GIS) spatial maps and records for all roads in South Africa by the end of 2016/17 ensuring that provincial RAMS is kept up to date in accordance with Technical Method for Highways (TMH 9; TMH 19 and TMH 22) to build Road Asset Management capacity. This funding is allocated as capacity support and is available until the 2016/17 financial year For RISFSA Class R1, R2 and R3 data collection requirements are: <ul style="list-style-type: none"> visual condition data according to TMH 9 for pavements not older than 2 years, and TMH 19 for bridges not older than five years instrumental pavement data for roughness, rut depth and macro texture according to TMH 13 not older than two years

Provincial Roads Maintenance Grant	
	<ul style="list-style-type: none"> ○ instrumental pavement data for deflections according to TMH 13 no older than five years ○ traffic data according to TMH 3, TMH 8 and TMH 14 not older than three years ● For RISFSA Class R4 and R5 data requirements are: <ul style="list-style-type: none"> ○ visual condition data according to TMH 9 for pavements not older than three years and TMH 19 for bridges not older than five years ○ instrumental pavement data for roughness, rut depth and macro texture according to TMH 13 not older than four years on paved roads only ○ traffic data according to TMH 3, TMH 8 and TMH 14 not older than five years ● Provinces must submit above data to the national data repository as per the format described in TMH18 ● Up to a maximum of R1000 per km per year for paved roads and R500 per km per year for gravel roads of the grant may be allocated towards the road classification and collection of data required by this grant ● A draft detailed RAMP for 2016/17 that is compliant with the requirements of the Government Immovable Assets Management Act (2007) and based on the Committee of Transport Officials Road Asset Management Guidelines (RAMG) must be submitted by August 2016 to DoT, relevant provincial treasury and National Treasury ● The payment of the first instalment is dependent upon submission to DoT and the relevant provincial treasury of the following: <ul style="list-style-type: none"> ○ final RAMP and signed-off project list (categorised format) for the 2016 MTEF in a Table B5 format by 30 March 2016 ○ generate monthly Infrastructure Reporting Model (IRM) on 15 April 2016 and submit budget sheets by 22 April 2016 ○ planning IRM for 2016 Medium Term Expenditure Framework (MTEF) by 22 April 2016 ● The payment of the second instalment is dependent on submission to DoT of the fourth quarter performance report for 2015/16, updated monthly IRM and signed-off budget sheet by 15 July 2016 ● The third instalment is dependent on receipt by DoT of the first quarter performance report for 2016/17, updated IRM and signed-off budget sheet for 2016/17 by 17 October 2016 ● The fourth instalment is dependent on receipt of the second quarter performance report for 2016/17, updated monthly IRM, the submission of updated road condition data and signed-off budget sheet reporting for 2016/17 by 16 January 2017 ● The PRMG allocation can be allocated to the following projects as identified and prioritised through the provincial Road Asset Management System (RAMS): <ul style="list-style-type: none"> ○ routine maintenance (Opex): include day to day routine activities such as cleaning drains & culverts, vegetation control, line marking, guard rail repair, road sign repair, crack sealing, patching, edge repair, spot regravelling, blading ○ periodic maintenance (Opex): include periodically scheduled activities such as fog sprays/diluted emulsions/rejuvenators, surface seals and functional asphalt overlays < 50mm in thickness. For gravel roads it includes re-gravelling up to 100mm thick ○ special maintenance (Opex): includes the repair of selected pavement areas up to maximum of 25 per cent of project length followed by application of surface seal or functional asphalt overlay < 50mm. Also includes reinstatement of slope stability, repairs to existing structures and the repair of damaged caused by floods or accidents ○ rehabilitation (Capex): includes increasing the structural capacity of an existing pavement through the recycling of existing layers and/or addition of new granular layers or structural asphalt overlays > 80mm thick. For gravel roads it is gravel layer > 100mm thick. These rehabilitation activities are however limited to maximum of 25 per cent of the PRMG allocation ● The PRMG allocation cannot be allocated to the following projects: <ul style="list-style-type: none"> ○ improvements (Capex): this comprises works that aim to improve the quality of service on roads with an unacceptable quality of service. These include measures of improving quality of service on existing roads such as increases the width in selected areas (i.e. addition of climbing/passing lanes), increases in the width over the total length of the project i.e. addition of paved shoulder and localised geometric and intersection improvements. These activities could in some instances include complete rehabilitation of the existing pavement structure ○ new Facilities (Capex): this comprises works that aim to improve network capacity and includes the upgrading of earth (dirt) road to an engineered gravel road, the upgrading of a gravel road to a surfaced road and upgrading of single carriageway road to 4-lane or dual carriageway road. The construction of new gravel or surfaced road where previously no road existed (brown/green fields construction). The construction of new bridge to replace existing bridge or new interchange to replace intersection ● Deviations from this must be by application to the national DoT, and motivated through a Road Asset Management System (RAMS). These projects include multi-year projects that are continuing since inception of the grant ● The upgrading of gravel roads to surface roads, the construction of new roads and new interchanges do not qualify for funding under this grant ● The following amounts per province must be used in 2016/17 for the repair of infrastructure damaged by the natural disaster during 2013/14 and 2014/15 and declared in respective provincial gazettes, and as verified by the National Disaster Management Centre (NDMC): <ul style="list-style-type: none"> ○ Eastern Cape: R90 million ○ Limpopo: R100 million ○ Mpumalanga: R50 million

Provincial Roads Maintenance Grant	
	<ul style="list-style-type: none"> ○ Western Cape: R58 million • Should the cost of repairing the disaster affected infrastructure exceed the amounts earmarked above provinces must fund that shortfall from their provincial equitable share • Business plans for the allocated disaster funds must be in line with the post disaster verification assessment reports and must be submitted to the NDMC and DoT prior to the transfer of the allocation • Disaster reconstruction and rehabilitation funds may only be utilised for approved projects as listed in the post disaster verification assessment reports and approved business plans • Quarterly performance reports on disaster allocations must be submitted to the NDMC and DoT • All new provincial roads infrastructure projects funded through the grant must be branded on the contract sign boards with the S'hamba Sonke logo • Provinces may participate in the S'hamba Sonke Programme Technical Support Services of the DoT through PFMA and Treasury Regulations • R60 million is ring-fenced for the collection and submission of data on traffic volumes and road condition that can be used to assist in measuring the efficiency of investments in roads • Provinces and the national department will submit the efficiency indicators and supporting data to the National Treasury by 30 June 2016
Allocation criteria	<ul style="list-style-type: none"> • Allocations are based on the PRMG formula, which takes into account the extent of the provincial road network (gravel/paved), the traffic volumes, the visual condition indices on the network and geo-climatic and topographic factors • The funding for road networks supporting electricity generation infrastructure are subject to separate allocation criteria based on the programme schedule: <ul style="list-style-type: none"> ○ Mpumalanga must allocate R801 million in 2016/17 to coal haulage road projects • The funding for rehabilitation and repair of roads and bridges that were assessed by the NDMC is subject to separate allocation criteria • A new performance component will be introduced in 2017/18
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> • This grant is intended to ensure that provinces give priority to road infrastructure maintenance and promote efficiency in road investment
Past performance	<p>2014/15 audited financial outcomes</p> <ul style="list-style-type: none"> • Of the total R9.4 billion allocated and transferred, R9.4 billion (98.4 per cent) was spent by the end of the national financial year <p>2014/15 service delivery performance</p> <ul style="list-style-type: none"> • 7 905 020 m² of roads re-sealed • 4 069 km of roads re-gravelled • 1 929 757 m² of roads patched • 326 175 km bladed • 1 142 km rehabilitated
Projected life	<ul style="list-style-type: none"> • The grant is ongoing, but will be subject to periodic review
MTEF allocations	<ul style="list-style-type: none"> • 2016/17: R10.2 billion; 2017/18: R10.8 billion; and 2018/19: R11.5 billion
Payment schedule	<ul style="list-style-type: none"> • Payment will be made in accordance with a payment schedule agreed to with provinces and approved by the National Treasury
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> • Submit to National Treasury by 30 June 2016 a proposal on how RAMS data collected through the grant can be used to allocate an outcome-based incentive component of the grant (to be allocated from 2017/18) • Assess and evaluate all provinces' RAMPs and give feedback to provincial departments • DoT in partnership with the national Department of Public Works (DPW) will assess business plans to ensure compliance to S'hamba Sonke and EPWP guidelines. In addition, the two departments will monitor and assess the performance on the S'hamba Sonke and EPWP by provincial departments • Assess and approve the submissions from provinces regarding the use of the maximum of R10 million for RAMS and capacity building of their infrastructure units • Submit quarterly performance reports to National Treasury within 45 days after the end of each quarter • Submit a grant evaluation report to National Treasury 120 days after the end of the financial year • Develop a performance based allocation mechanism for use in determining future allocations <p>Responsibilities of the provincial departments</p> <ul style="list-style-type: none"> • Provincial departments must submit quarterly infrastructure reports to DoT and the relevant provincial treasury that comply with the IRM and quarterly performance report templates 30 days after the end of each quarter • Provincial departments must implement their projects in line with the S'hamba Sonke and EPWP guidelines • Provincial departments should report on the EPWP job creation data to DoT and DPW on the EPWP reporting system • Provinces must report all infrastructure expenditure partially or fully funded by this grant on the IRM provided by National Treasury • Ensure projects are selected using RAMS as the primary source of information • Ensure ongoing stakeholder communication and engagement, regarding planning and implementation of road projects • Ensure that approved PRMG funded projects are gazetted through the provincial legislative system and processes. DoT's approval is needed on the PRMG project list before it is tabled at the provincial legislature • Design and implement projects in compliance with the S'hamba Sonke and EPWP guidelines

Provincial Roads Maintenance Grant	
Process for approval of the 2017/18 business plans	<ul style="list-style-type: none"> • Provinces submit a draft business plan in the prescribed RAMP format, with projects selected using RAMS as the primary source, by 30 November 2016 • RAMPs, including PRMG project lists, are assessed and reviewed by DoT and feedback is provided by 30 January 2017 • Provinces to submit final 2017/18 RAMP to DoT, relevant provincial treasury and National Treasury by 30 March 2017

Public Transport Operations Grant																			
Transferring department	<ul style="list-style-type: none"> Transport (Vote 35) 																		
Grant schedule	<ul style="list-style-type: none"> Schedule 4A 																		
Strategic goal	<ul style="list-style-type: none"> Subsidised road based public transport services 																		
Grant purpose	<ul style="list-style-type: none"> To provide supplementary funding towards public transport services provided by provincial departments of transport 																		
Outcome statements	<ul style="list-style-type: none"> The provision of public transport services in terms of contracts which are kilometre based and affordable to the users of the services 																		
Outputs	<ul style="list-style-type: none"> Number of vehicles subsidised Number of cumulative annual vehicles subsidised Number of scheduled trips Number of trips operated Number of passengers Number of kilometres Number of employees 																		
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> Outcome 6: An efficient, competitive and responsive economic infrastructure network 																		
Details contained in the business plan	<ul style="list-style-type: none"> Not applicable 																		
Conditions	<ul style="list-style-type: none"> This conditional grant, which is supplementary, is a national contribution to subsidised service contracts entered into by the provincial departments of transport and public transport operators for the provision of affordable subsidised transport services The contracting authority must supervise, monitor and verify the correctness of the operators' claim in terms of the kilometres of service provided and provide a monthly summary report to the national transferring officer If the contracting function is devolved to any municipality before the 2016/17 adjustment budget, the appropriate portion of the grant will also be devolved to the municipality The implementation of the devolution should be in terms of section 17(5) of the 2016 Division of Revenue Act (DoRA) The municipality and province will have to make transitional arrangements to ensure payments to operators meet contractual commitments. Should contracts be devolved during 2016/17, a service level agreement between the province and the municipality must be signed and funds must flow in line with DoRA requirements. Provinces must take all reasonable measures to assist the transition within a framework to be prescribed by the national Department of Transport (DoT) and National Treasury In cases where contracts are transferred as part of the integrated public transport network (IPTN) of the municipality, the funds allocated to such contracts must be ring-fenced and transferred to the municipalities taking over the contracts from provinces All new contracts, including designs and operators' business plans detailing subsidised services, must be approved by the Public Transport Integration Committee, and be in line with relevant legislation and in compliance with the public transport strategy, here an Intermodal Planning Committee is established at municipal level, in terms of the National Land Transport Act (NLTA), the functions of the two committees must be consolidated to ensure integration of planning, services and modes 																		
Allocation criteria	<ul style="list-style-type: none"> The allocations are based on 2009 DoRA allocation baseline, weighted for the average shares of historical contribution that supplement the grant. Provinces/contracting authorities should determine individual operator's budgets and ensure that the operation stays within the allocation or provide supplementary funds from the provincial budget 																		
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> Subsidies are earmarked for the provision of public transport services 																		
Past performance	<p>2014/15 audited financial outcome</p> <ul style="list-style-type: none"> Allocated and transferred R4.9 billion to provinces of which R4.8 billion, 98 per cent, was spent by the end of the national financial year <p>2014/15 service delivery performance</p> <table> <tr> <td>Number of cumulative annual vehicles subsidised:</td><td>79 847</td></tr> <tr> <td>Number of vehicles subsidised:</td><td>6 654</td></tr> <tr> <td>Number of kilometres subsidised:</td><td>250 524 647</td></tr> <tr> <td>Subsidy per passenger:</td><td>R14.32</td></tr> <tr> <td>Subsidy per kilometre operated:</td><td>R19.62</td></tr> <tr> <td>Kilometres operated per vehicle:</td><td>3 138</td></tr> <tr> <td>Passengers per vehicle:</td><td>4 300</td></tr> <tr> <td>Passengers per trip operated:</td><td>47</td></tr> <tr> <td>Employees per vehicle:</td><td>2.0</td></tr> </table>	Number of cumulative annual vehicles subsidised:	79 847	Number of vehicles subsidised:	6 654	Number of kilometres subsidised:	250 524 647	Subsidy per passenger:	R14.32	Subsidy per kilometre operated:	R19.62	Kilometres operated per vehicle:	3 138	Passengers per vehicle:	4 300	Passengers per trip operated:	47	Employees per vehicle:	2.0
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Public Transport Operations Grant	
Projected life	<ul style="list-style-type: none"> • Subject to the devolution of funds to local government as part of the operationalisation of the NLTA
MTEF allocations	<ul style="list-style-type: none"> • 2016/17: R5.4 billion; 2017/18: R5.7 billion; and 2018/19: R6 billion
Payment schedule	<ul style="list-style-type: none"> • Eleven monthly instalments according to a payment schedule approved by National Treasury: 4 May 2016; 8 June 2016; 13 July 2016; 10 August 2016; 14 September 2016; 12 October 2016; 9 November 2016; 14 December 2016; 11 January 2017; 8 February 2017; and 8 March 2017
Responsibilities of the transferring officer and receiving officer	Responsibilities of the national department <ul style="list-style-type: none"> • Improve efficiencies in public transport spending • Maintain national database with key performance indicators of public transport services as per data received from contracting authorities • Advise contracting authorities regarding the design of contracted services • Draft of public transport operational subsidy policy
	Responsibilities of the provincial departments <ul style="list-style-type: none"> • Any contractual agreement entered into by a contracting authority in relation to this grant will be the responsibility of the contracting authority • As a supplementary grant, provincial departments remain responsible for the shortfall on provision of this service funded through the provincial equitable share • Ensure that contracted operators' certified claims are paid within 30 days from the date of receipt • Certify and submit monthly performance reports to DoT within 25 days after the month following the operation, and quarterly performance reports within 30 days after the end of each quarter using the reporting format developed by DoT • Provinces must assist municipalities in the process of devolving the contracting function as set out in the NLTA
Process for approval of the 2017/18 business plans	<ul style="list-style-type: none"> • Not applicable

ANNEXURE W3:
FRAMEWORKS FOR CONDITIONAL
GRANTS TO MUNICIPALITIES

Annexure W3: Frameworks for Conditional Grants to Municipalities

Detailed frameworks on Schedule 4, Part B; Schedule 5, Part B; Schedule 6, Part B; and Schedule 7, Part B grants to municipalities

Introduction

This annexure provides a brief description for each grant in Schedule 4, Part B; Schedule 5, Part B; Schedule 6, Part B; and Schedule 7, Part B of the 2016 Division of Revenue Bill. The following are key areas considered for each grant:

- Strategic goal and purpose of the grant
- Outcome statements and outputs of the grant
- Priority outcome(s) of government that the grant primarily contributes to
- Conditions of the grant (additional to what is required in the Bill)
- Criteria for allocation between municipalities
- Rationale for funding through a conditional grant
- Past performance
- The projected life of the grant
- 2016 MTEF allocations
- The payment schedule
- Responsibilities of transferring national department and receiving municipalities
- Process for approval of business plans for 2017/18

The attached frameworks are not part of the Division of Revenue Bill, but are published in order to provide more information on each grant to parliament, legislatures, municipal councils, officials in all three spheres of government and the public. Once the 2016 Division of Revenue Bill is enacted, these frameworks will be gazetted in terms of the Act.

The financial statements and annual reports for 2016/17 will report against the Division of Revenue Act, Division of Revenue Amendment Act and their schedules, and the grant frameworks as gazetted in terms of the Act. Such reports must cover both financial and non-financial performance, focusing on the outputs achieved.

COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS GRANTS

Municipal Disaster Grant	
Transferring department	<ul style="list-style-type: none"> Cooperative Governance and Traditional Affairs (Vote 4)
Grant schedule	<ul style="list-style-type: none"> Schedule 7B
Strategic goal	<ul style="list-style-type: none"> To enable a timely response to immediate needs after a disaster has occurred
Grant purpose	<ul style="list-style-type: none"> To provide for the immediate release of funds for disaster response
Outcome statements	<ul style="list-style-type: none"> Immediate consequences of disasters are mitigated
Outputs	<ul style="list-style-type: none"> Emergency repair of critical infrastructure Emergency provision of goods and services
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> Outcome 9: Responsive, accountable, effective and efficient developmental local government system
Details contained in the business plan	<ul style="list-style-type: none"> Applications for funding from this grant use the National Disaster Management Centre (NDMC) Disaster Grant guideline which includes the following: <ul style="list-style-type: none"> copy of the classification letter in terms of the Disaster Management Act copy of declaration of disaster in terms of the Disaster Management Act number of people affected and the extent of damage and losses sectors affected total funds required for disaster response resources (both financial and in-kind) allocated by the municipality to respond and mitigate the effects of the disaster resources (both financial and in-kind) committed by other role players, including provinces, national departments and Non-Government Organisations funding contribution request from the Municipal Disaster Grant (MDG) costed project and implementation plan over a six month period on how the funds will be spent consolidated projects cash flow as an annexure An initial application for a funding contribution from the MDG may be based on the initial disaster assessment and verification (draft versions of the supporting documentation required above may be accepted for the initial application). The further final application/s must be based on the final disaster assessment and verification
Conditions	<ul style="list-style-type: none"> Copies of the declaration and classification documents signed-off by the relevant authorities in terms of the Disaster Management Act must be submitted to the NDMC Funds from this grant must be used to support the provision of basic municipal services, including: <ul style="list-style-type: none"> the provision of temporary shelter in the event that the Department of Human Settlements is unable to make provision for immediate housing, with evidence that they are unable to make such provisions the provision of humanitarian relief, in the event that the Department of Social Development is unable to make provision, with evidence that they are unable to make such provisions Municipalities must fund a portion of the costs of the disaster response and recovery from their own budget; if unable to do so, proof must be provided Funds from this grant may be utilised to reimburse municipalities for expenditure incurred which could not be accommodated within the municipality's own budget. In cases where municipalities require reimbursement of funds spent, municipalities are to consult the NDMC through the Provincial Disaster Management Centres (PDMCs) for approval prior to spending the funds. Proof of expenditure in the form of invoices must be availed to the relevant PDMC and NDMC in case reimbursement is required Funds from this grant must be utilised within three calendar months following the date of the transfer of the funds to the municipality Emergency procurement system provided for Treasury Regulations should be invoked to ensure immediate assistance by the affected municipalities
Allocation criteria	<ul style="list-style-type: none"> The grant is allocated based on declared municipal disasters and reports of immediate disaster relief needs. Funding may however be released in tranches, with the first tranche being based on an initial assessment and verification of the immediate disaster relief needs
Reason not incorporated in equitable share	<ul style="list-style-type: none"> This grant provides funding for responding to and providing relief for unforeseeable and unavoidable disasters
Past performance	<p>2014/15 audited financial outcomes</p> <ul style="list-style-type: none"> R363 million was allocated and R36 million was transferred to municipalities in Limpopo, KwaZulu-Natal and Mpumalanga provinces <p>2014/15 service delivery performance</p> <ul style="list-style-type: none"> Emergency relief was provided to municipalities as follows: <ul style="list-style-type: none"> Umjindi Local Municipality to repair a bridge and water pipelines Mbombela Local Municipality to repair a water plant, damaged roads, storm water drainage, culverts and bridges Nkomazi Local Municipality to repair damaged culverts, bridges, water treatment works and replacement of water pumps Bela-Bela Local Municipality to repair a water pump station uThukela District Municipality (Imbabazane, Ukhahlamba and Indaka Local Municipalities) to drill boreholes to respond to drought uMzinyathi District Municipality (Msinga, Nquthu, Umvoti, Endumeni Local Municipalities) to drill boreholes to respond to drought

Municipal Disaster Grant	
	<ul style="list-style-type: none"> o uMgungudlovu District Municipality (Mpofana, Umngeni, Impendle and Umshawathi Local Municipalities) to drill boreholes to respond to drought o iLembe District Municipality (KwaDukuza, Ndwedwe and Maphumulo Local Municipalities) to drill boreholes to respond to drought
Projected life	<ul style="list-style-type: none"> • This grant is expected to continue over the medium term, and will be subject to review
MTEF allocations	<ul style="list-style-type: none"> • 2016/17: R270 million; 2017/18: R300 million; and 2018/19: R318 million
Payment schedule	<ul style="list-style-type: none"> • Transfers are made in accordance with a payment schedule approved by National Treasury
Responsibilities of the transferring officer and receiving officer	Responsibilities of National Disaster Management Centre <ul style="list-style-type: none"> • Advise municipalities and PDMCs about the existence of the grant and how grant funding can be applied for • Circulate an updated guideline on the items that will qualify for funding through this grant by end June 2016. This guideline must be consistent with the disaster response funding request template agreed to with the National Treasury • Establish procedures for funding items already purchased by municipalities • Conduct a preliminary cost verification and submit an initial request to the National Treasury within 14 days following receipt of the written initial funding request from the PDMC and municipality • Together with the affected municipalities and provinces, conduct assessments of disaster impacts to verify the final applications for funding within 35 days following the receipt of written funding requests and as per the requirements of the Disaster Management Act • Seek approval from National Treasury for the final disbursement of funds to municipalities within 35 days following the receipt of the written final funding request and submission of the preliminary report from the PDMC and municipality • Confirm what support national sector departments are providing and ensure there is no duplication • Provide written advice on the timing of disbursements to municipalities and transfer these funds to municipalities within five days of drawing the funds from the National Revenue Fund • Notify the relevant municipality of a transfer at least one day before transfer and transfer the funds no later than five days after notification • Notify the relevant PDMC copying relevant sector departments and the provincial treasury of a transfer and reason for transfer within five days of the transfer of funds to municipalities • Build relationships and establish the necessary communication channels with relevant national and provincial departments to ensure the country has a coordinated approach to disaster response • Provide National Treasury and the relevant provincial treasury with written notification of the transfer within 14 days of a transfer of this grant • Provide expenditure reports to National Treasury in line with the Division of Revenue Act (DoRA) and the Public Finance Management Act (PFMA) within 20 days after the end of each month • Provide a performance report to National Treasury in the disaster allocation monitoring template agreed to with the National Treasury within 45 days after the end of the quarter in which funds are spent. Purchase invoices to be an annexure to the reports
	Responsibilities of Provincial Disaster Management Centres <ul style="list-style-type: none"> • Advise municipalities and relevant provincial sector departments about the existence of the grant and how grant funding can be applied for • Together with the affected municipalities, conduct initial assessments of disaster impacts to verify the applications for initial funding within 14 days following the occurrence of the incident • Together with the NDMC and the affected municipalities, conduct assessments of disaster impacts to verify the final applications for funding within 35 days following the occurrence of the incident, and as per the requirements of the Disaster Management Act • Assist municipalities with requests for disaster funding, and monitor projects to ensure that the funds are used for intended purposes and provide reports to the NDMC and relevant provincial treasury • Coordinate, analyse and submit expenditure reports on progress regarding the implementation of the projects to NDMC within 15 days after the end of each month in which funds are spent. Purchase invoices to be included as an annexure to the reports • Coordinate, analyse and submit performance reports which include evidence, on the implementation progress of the projects to the NDMC within 35 days after the end of the quarter in which funds are spent. Purchase invoices to be included as an annexure to the reports • All reports must be signed off by the head of the PDMC
	Responsibilities of municipalities <ul style="list-style-type: none"> • Cooperate with the NDMC, relevant PDMC and provincial and national sector departments to conduct damage assessment and cost verification • Submit initial request for funding within 14 days following the declaration of a disaster • Initiate requests for disaster funding and monitor projects • Municipalities must follow emergency procurement processes when spending the grant funds • Municipalities must monitor all projects and ensure funds allocated are spent for their intended purposes • Submit expenditure reports which include evidence (such as purchase invoices) of implementation progress on the projects to the relevant PDMC within 10 days after the end of each month in which funds are spent • Submit a performance report which includes evidence of implementation progress on the projects to the PDMC within 30 days after the end of the quarter in which funds are spent • All reports must be signed off by the Accounting Officer
Process for approval of 2017/18 MTEF allocations	<ul style="list-style-type: none"> • Not applicable

Municipal Disaster Recovery Grant	
Transferring department	<ul style="list-style-type: none"> Cooperative Governance and Traditional Affairs (Vote 4)
Grant schedule	<ul style="list-style-type: none"> Schedule 5B
Strategic goal	<ul style="list-style-type: none"> To restore functionality of municipal infrastructure following a disaster
Grant purpose	<ul style="list-style-type: none"> To rehabilitate and reconstruct municipal infrastructure damaged by a disaster
Outcome statements	<ul style="list-style-type: none"> Municipal infrastructure damaged by a disaster rehabilitated and reconstructed
Outputs	<ul style="list-style-type: none"> Municipal infrastructure damaged by a disaster reconstructed and rehabilitated
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> Outcome 9: Responsive, accountable, effective and efficient developmental local government system
Details contained in the business plan	<ul style="list-style-type: none"> This grant uses the template/framework developed by the National Disaster Management Centre (NDMC) which must include a project implementation plan, highlighting: <ul style="list-style-type: none"> list of projects to be implemented in order of priority timeframes within which the projects will be implemented estimated costs of projects disaster risk reduction measures for the proposed reoccurrence of disaster related damage in the future number of households to benefit from the projects and estimated jobs to be created
Conditions	<ul style="list-style-type: none"> A business plan and project implementation plan signed by the Accounting Officer aligned to the post disaster verification assessment report must be submitted to the NDMC Disaster reconstruction and rehabilitation funds must only be utilised for approved projects as listed in the post disaster verification assessment reports and approved business plans Quarterly financial and non-financial performance reports on disaster allocations must be submitted to the NDMC through the relevant Provincial Disaster Management Centres (PDMC) Municipalities liaise and align the disaster recovery projects with the Municipal Infrastructure Grant projects to ensure proper monitoring and reporting of projects Transfers will only be made if municipalities have submitted financial and non-financial reports required in terms of the 2016 Division of Revenue Act for this financial year and the previous financial year (if funds for disaster recovery were allocated in that year) Funds will be transferred in tranches, the transfer of tranches will depend on the compliance from municipalities with the rules of the grant, particularly the submission of performance reports (including evidence) for this financial year and the previous financial year (if funds for disaster recovery were allocated in that year)
Allocation criteria	<ul style="list-style-type: none"> The grant is allocated based on approved post-disaster reconstruction and rehabilitation assessment reports Only post-disaster reconstruction and rehabilitation projects that have been submitted for verification assessments within a six month time frame following a disaster will be considered
Reason not incorporated in equitable share	<ul style="list-style-type: none"> This grant caters for recovery after unforeseen disasters
Past performance	<p>2014/15 audited financial outcomes</p> <ul style="list-style-type: none"> R191 million was allocated, and the R191 million (100 per cent of the allocation) was transferred to municipalities <p>2014/15 service delivery performance</p> <ul style="list-style-type: none"> Following disasters, the grant was provided for the repair and replacement of infrastructure in the following municipalities: <ul style="list-style-type: none"> City of Tshwane: repair damaged municipal clinics, sports facilities and electrical infrastructure Giyani Local Municipality: repair damaged municipal roads and bridges Vulamehlo Local Municipality: repair of roads and bridges, crèches and halls Umdoni Local Municipality: repair of roads and bridges Ugu Municipality: repair of roads, bridges and storm water infrastructure Umkhumbi Local Municipality: repair of roads and bridges EThekweni Metropolitan Municipality: repair of roads, bridges and municipal houses Emnambithi Local Municipality: repair of storm water infrastructure, roads, bridges and streetlights Okhahlamba Local Municipality: repair of roads, bridges and storm water infrastructure Bushbuckridge Local Municipality: repair of roads and bridges Mbombela Local Municipality: repair of culverts Umgindi Local Municipality: repair of culverts Dr Pixley ka Seme Local Municipality: repair of culverts and roads Hessequa Local Municipality: repair of municipal infrastructure, roads, storm water infrastructure Kannaland Local Municipality: repair of roads and bridges Mosselbay Local Municipality: repair of roads Overstrand Local Municipality: repair of municipal buildings Swellendam Local Municipality: repair of storm water infrastructure Overberg Local Municipality: repair of roads and bridges Laingsburg Local Municipality: repair of roads Langeberg Local Municipality: repair of roads Breede Valley Local Municipality: repair of roads
Projected life	<ul style="list-style-type: none"> The grant is projected to end in 2016/17 but will be subject to review
MTEF allocations	<ul style="list-style-type: none"> 2016/17: R140 million
Payment schedule	<ul style="list-style-type: none"> Transfers are made in accordance with a payment schedule approved by National Treasury

Municipal Disaster Recovery Grant	
Responsibilities of the transferring officer and receiving officer	Responsibilities of National Disaster Management Centre <ul style="list-style-type: none"> • Advise municipalities about the existence of the grant and its conditions • Provide municipalities with a final post-disaster verification assessment report that includes a project list and projected costs for all infrastructure to be reconstructed or rehabilitated. This report must be provided through the relevant PDMC • Monitor the implementation of projects together with the affected municipalities and provinces • Make payments to municipalities in accordance with the approved payment schedule • Transfer funds only when evidence on project performance and expenditure reports are submitted
	Responsibilities of Provincial Disaster Management Centres <ul style="list-style-type: none"> • Advise municipalities about the existence of the grant and its conditions • Assist municipalities with the rapid assessment reports to be submitted to the NDMC • Provide support to municipalities with regard to the final post-disaster verification report • Ensure that the final post-disaster verification report is signed-off by both the accounting officer in the municipality and the provincial department • Provide a copy of the final post-disaster verification report to municipalities • Assist municipalities with business plans incorporating the implementation plan and disaster risk reduction measures for the proposed projects to prevent reoccurrence of disaster related damages in future • Conduct on-site visits to monitor and report on the implementation of projects and provide reports of progress to the NDMC • Provide financial and non-financial reports to the NDMC within 10 days after the end of each month. Photographs depicting the projects progress should be included as an annexure • Provide expenditure and project performance reports including evidence to the NDMC within 35 days after the end of the quarter in which funds are spent
	Responsibilities of municipalities <ul style="list-style-type: none"> • Develop and submit business plans incorporating implementation plans and disaster risk reduction measures for the proposed projects to prevent reoccurrence of disaster related damages in future • Conduct on-site visits to monitor and evaluate the impact of projects and provide reports which include evidence to the NDMC through the relevant PDMC • Utilise the funds in line with the approved post-disaster verification assessment report • Provide financial and non-financial reports to the PDMC within five days of the end of each month. Photographs depicting the project progress should be included as an annexure • Provide financial and non-financial performance reports signed-off by the Municipal Manager to the PDMC within 30 days after the end of the quarter in which funds are spent
Process for approval of 2017/18 MTEF allocations	<ul style="list-style-type: none"> • Not applicable

Municipal Demarcation Transition Grant	
Transferring department	<ul style="list-style-type: none"> Cooperative Governance and Traditional Affairs (Vote 4)
Grant schedule	<ul style="list-style-type: none"> Schedule 5B
Strategic goal	<ul style="list-style-type: none"> Facilitate the successful implementation of major boundary changes due to come into effect at the time of the 2016 local government elections
Grant purpose	<ul style="list-style-type: none"> To subsidise the additional institutional and administrative costs arising from major boundary changes due to come into effect at the time of the 2016 local government elections
Outcome statements	<ul style="list-style-type: none"> Municipalities affected by major boundary changes have administrations that are responsive, accountable, effective, efficient and developmental
Outputs	<ul style="list-style-type: none"> Number of policies, systems, procedures and plans prepared to facilitate the smooth transition to a new municipality in 2016
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> Outcome 9: A responsive, accountable, effective and efficient developmental local government system
Details contained in the business plan	<ul style="list-style-type: none"> Outcome indicators Output indicators Inputs Key activities Financial implications
Conditions	<ul style="list-style-type: none"> To receive transfers from this grant, municipalities must participate in a Change Management and Transitional Committees (CMTC) with the provincial departments and other municipality/municipalities impacted by the same boundary change Funds may only be used in terms of a business plan approved by the national Department of Cooperative Governance (DCoG) The grant may only be used to fund the following administrative costs to the extent that additional costs arise as a result of the impact of major boundary changes: <ul style="list-style-type: none"> consolidation of records management between affected municipalities development of new organograms (including of work study, job evaluation, job description) enactment of a new set of by-laws communication and public participation directly related to the mergers rationalisation and alignment of municipal policies alignment of geographic information system data alignment of valuation rolls tariff restructuring debt reconciliation information technology system amalgamation (infrastructure and systems) merging asset registers financial management systems transitional costs relating to existing staff/personnel, limited to retrenchment packages, relocation costs and salary equalization, only after an organogram has been finalized and all posts evaluated The new municipality established in Limpopo (LIM345) may also spend grant funds to recruit new staff and construct, refurbish or upgrade municipal office and administrative infrastructure Municipalities may not use grant funds to appoint additional staff Before procuring any professional services or new or upgraded systems, the terms of reference must be reviewed and approved by the provincial department responsible for local government Any systems purchased or upgraded with funding from this grant must comply with the relevant requirements set by national government, including being compatible with the municipal standard chart of accounts
Allocation criteria	<ul style="list-style-type: none"> Funds are only allocated to municipalities affected by major boundary changes Allocations are based on the number of previously existing municipalities affected by major boundary changes (i.e. the number of municipalities being merged or split). Allocations also take into account whether or not municipalities already received transfers from this grant in 2015/16
Reason not incorporated in equitable share	<ul style="list-style-type: none"> The grant funds the costs associated with major boundary changes due to come into effect at the time of the 2016 local government elections
Past performance	2014/15 audited financial performance
	<ul style="list-style-type: none"> New grant introduced in 2015/16
Projected life	2014/15 service delivery performance
	<ul style="list-style-type: none"> New grant introduced in 2015/16
Projected life	<ul style="list-style-type: none"> This is a three year grant to assist municipalities with the 2016 major boundary changes. It came into effect in 2015/16 and will terminate in 2017/18

Municipal Demarcation Transition Grant	
MTEF allocations	<ul style="list-style-type: none"> • 2016/17: R297 million; and 2017/18: R112 million
Payment schedule	<ul style="list-style-type: none"> • Transfers are made in accordance with a payment schedule approved by National Treasury
Responsibilities of the national transferring officer and receiving officer	Responsibilities of national department <ul style="list-style-type: none"> • Assess business plans in collaboration with provincial departments • Approve business plans by 31 October 2016 • Submit quarterly progress reports to the National Treasury • Prescribe a template for business plans • Only transfer funds after consulting with the provincial department responsible for local government
	Responsibilities of provincial departments responsible for local government <ul style="list-style-type: none"> • Fulfill all responsibilities in terms of section 14 of the Municipal Structures Act • Monitor and coordinate the resources allocated to municipalities, provinces and national government to ensure there are no duplications and that the grant is only used for additional costs resulting from boundary changes • Assist the national department to assess municipalities' business plans • Assist affected municipalities to jointly plan and manage the process through the CMTC • Assist the national department to coordinate reporting from municipalities • Appoint a transformation manager (funded from the province's own budget)
	Responsibilities of municipalities <ul style="list-style-type: none"> • CMTCs must submit draft business plans by 29 April 2016 in the format prescribed by DCoG • Municipalities must submit final business plans within 30 days after the 2016 elections • Report to the national and relevant provincial department on a monthly basis on financial performance and on a quarterly basis against the performance targets set out in the business plan • Participate in transitional structures
Process for approval of 2017/18 business plans	<ul style="list-style-type: none"> • CMTC must agree on proposed business plan • Draft business plans to be submitted to the national DCoG by 14 October 2016 • Final business plans must be submitted by 18 November 2016

Municipal Infrastructure Grant	
Transferring department	<ul style="list-style-type: none"> Cooperative Governance and Traditional Affairs (Vote 4)
Grant schedule	<ul style="list-style-type: none"> Schedule 5B
Strategic goal	<ul style="list-style-type: none"> Subsidise the capital costs of providing basic services to poor households
Grant purpose	<ul style="list-style-type: none"> To provide specific capital finance for eradicating basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities
Outcome statements	<ul style="list-style-type: none"> Improved access to basic services infrastructure for poor communities
Outputs	<ul style="list-style-type: none"> Number of poor households impacted through the construction of new infrastructure and upgrading and renewal of existing infrastructure for: <ul style="list-style-type: none"> basic water and sanitation services central collection points for refuse, transfer stations, recycling facilities and solid waste disposal sites sport and recreation facilities street and community lighting public facilities Number of kilometres of municipal roads developed and maintained Number of work opportunities and Full-Time Equivalents (FTEs) created using Expanded Public Works Programme (EPWP) guidelines for the above outputs
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> Outcome 9: Responsive, accountable, effective and efficient developmental local government system
Details contained in the business plan	<ul style="list-style-type: none"> This grant uses the Municipal Infrastructure Grant (MIG) registration form as agreed with sector departments, which includes: <ul style="list-style-type: none"> project title sector timeframes for implementation cost of the project
Conditions	<ul style="list-style-type: none"> To receive the first tranche, municipalities must have followed the process for approval of 2016/17 projects and have confirmed by 7 June 2016 with the Department of Cooperative Governance (DCoG) their programme, project planning and implementation readiness. This should be done prior to the year of implementation and be informed by their Integrated Development Plan (IDP) and three year capital plans MIG priorities set by municipalities (as stated in their three year capital plan) can only be changed with municipal council approval, the concurrence of the sector departments and the approval of DCoG MIG must be allocated and transferred directly to a category B or C municipality that has the powers and functions for basic services referred to in section 84 of the Municipal Structures Act, to enable the municipality to provide basic municipal infrastructure to the poor, in line with their functions Municipalities must prioritise MIG for eligible beneficiaries and infrastructure that includes: <ul style="list-style-type: none"> basic residential infrastructure for the poor for water, sanitation, roads, waste management, street lighting, community facilities as well as associated municipal bulk and connector infrastructure new or upgrading of municipal bulk, connector and reticulation infrastructure to support existing areas and the formalisation of settlements renewal of eligible infrastructure servicing the poor subject to the confirmation by the relevant sector department of the state of infrastructure and a commitment from the municipality of how on-going operations and maintenance of the renewed infrastructure will be funded and performed maintenance of roads infrastructure mainly servicing the poor Municipalities must spend at least 60 per cent of their previous transfer and comply with reporting provisions before the second and subsequent transfers are made Municipalities must spend 40 per cent of their total MIG allocation by December 2016 Municipalities must comply with sector norms, standards and legislation as confirmed by sectors during the MIG project registration processes Local municipalities investing in roads infrastructure must utilise data from the Rural Road Asset Management System (RRAMS), where available, to identify and prioritise their investment on roads projects; including maintenance Municipalities with bucket sanitation backlogs must prioritise the eradication of these backlogs. Bucket eradication projects must be planned in conjunction with provinces and national government to ensure alignment of projects implemented by each sphere. Transfers may be withheld or stopped if a municipality with substantial bucket sanitation backlogs does not comply with this condition Ring-fenced sport infrastructure allocation: <ul style="list-style-type: none"> municipalities that have allocations gazetted as part of the ring-fenced allocation for specific sport infrastructure projects may only spend these allocations on the projects identified by Sport and Recreation South Africa (SRSA) municipalities must make use of transversal contracts approved by SRSA when implementing projects funded from this allocation

Municipal Infrastructure Grant	
	<ul style="list-style-type: none"> • Sport infrastructure as part of the P-component: <ul style="list-style-type: none"> ○ municipalities must submit plans for spending 33 per cent of their P-component allocation on sport and recreation infrastructure projects. These plans must be submitted as part of the normal MIG planning process, but will be reviewed and approved by SRSA to ensure they comply with norms and standards before construction can begin • Municipalities must use the EPWP guidelines to facilitate labour-intensive construction methods on MIG projects and provide information on the number of work opportunities created • Municipalities identified to participate in the regional management support programme must agree to do so as a condition for receiving MIG funds • Municipalities must plan and procure MIG-funded projects in accordance with infrastructure planning and procurement policies (as issued by National Treasury) and must certify to DCoG within 45 days after the appointment of the service provider that their procurement procedures have been followed • A municipality must consider procuring goods and services for water and sanitation projects through nationally set up framework contracts (where available) before utilising municipal procurement processes • A maximum of five per cent of municipalities' MIG allocations may be used for project management costs related to grant funded projects and only if a business plan is approved • At least 95 per cent of municipalities' allocation must be used on eligible MIG funded projects, including maintenance on roads mainly servicing the poor • Withholding or stopping of transfers and reallocation of MIG allocations will be instituted where municipalities deviate from and/or do not comply with the conditions above
Allocation criteria	<ul style="list-style-type: none"> • Part 5 of Annexure W1 to the 2016 Division of Revenue Bill sets out the MIG formula in detail, showing how the formula incorporates backlog and poverty data • The ring-fenced R300 million for sport infrastructure is allocated based on estimated costs of projects that: <ul style="list-style-type: none"> ○ fill identified gaps and are confirmed with the provincial departments responsible for sports and the municipalities ○ align to the National Sport and Recreation Plan and transformation imperatives ○ align to priority sport codes
Reason not incorporated in equitable share	<ul style="list-style-type: none"> • This is a specific purpose grant with conditions, objectives and distribution criteria different from that of the equitable share
Past performance	<p>2014/15 audited financial outcome</p> <ul style="list-style-type: none"> • The MIG programme was allocated R14.3 billion in the 2014/15 financial year. An amount of R14.2 billion (99 per cent) was transferred to municipalities <p>2014/15 service delivery performance</p> <ul style="list-style-type: none"> • Additional poor households receiving: <ul style="list-style-type: none"> ○ water: 126 456 ○ sanitation: 135 054 • Number of additional kilometres of municipal roads developed: 1 343 km • Number of additional recycling facilities and solid waste disposal sites: 35 • 197 sport and recreation facilities created • Number of additional poor households serviced by street/community lighting: 21 292 • 233 public facilities created • Number of work opportunities created using EPWP guidelines for above outputs: 188 291 work opportunities
Projected life	<ul style="list-style-type: none"> • The programme will continue up to 2018/19, subject to review
MTEF allocations	<ul style="list-style-type: none"> • 2016/17: R14.9 billion; 2017/18: R16 billion; and 2018/19: R16.9 billion
Payment schedule	<ul style="list-style-type: none"> • Transfers are made in accordance with a payment schedule approved by National Treasury
Responsibilities of the transferring officer, national departments, provincial departments and receiving officer	<p>Responsibilities of national department</p> <ul style="list-style-type: none"> • The Department of Cooperative Governance (DCoG) administers the MIG and co-ordinates its activities with all stakeholders, through appropriate structures. DCoG must: <ul style="list-style-type: none"> ○ monitor expenditure and non-financial performance in collaboration with provincial DCoG's ○ coordinate overall programme implementation • The Municipal Infrastructure Support Agent must assist municipalities in the submission of asset management data where available, and provide the necessary training on access and use of the Municipal Infrastructure Performance Management Information System for development of individual municipal asset registers where required • In addition to the sector-specific responsibilities, each national sector department will be expected to: <ul style="list-style-type: none"> ○ provide information on service delivery priorities per municipality as expressed within sectoral plans and municipal Integrated Development Plans ○ submit information requested on project registrations to DCoG by 30 September 2016 ○ confirm adherence to sector norms and standards for MIG funded projects through the MIG registration process, which includes participation in the district appraisal processes

Municipal Infrastructure Grant	
	<ul style="list-style-type: none"> confirm the current state of maintenance where municipalities have applied for funding of renewal projects fulfill a sectoral monitoring and guidance role on relevant sectoral outputs advise which sphere (provincial or national – even if different across provinces) should sign-off MIG projects sign-off on project close out reports, thereby acknowledging the projects have been completed as intended <ul style="list-style-type: none"> Department of Water and Sanitation: <ul style="list-style-type: none"> support and monitor municipalities to prepare and implement Water Services Development Plans monitor and oversee progress on water and sanitation projects implemented through the MIG ensure alignment between the MIG programme, Regional Bulk Infrastructure Grant and the Water Services Infrastructure Grant Department of Environmental Affairs: support municipalities with planning and implementation of solid waste management projects and monitor their performance and compliance with conditions applicable to this sector Department of Energy: support municipalities with planning and implementation of public lighting and monitor municipalities' performance and compliance with conditions applicable to this sector Department of Transport: support municipalities with planning and implementation of municipal roads projects in terms of Rural Roads Asset Management Systems (RRAMS) data and monitor municipalities' performance and compliance with conditions applicable to this sector Sport and Recreation South Africa: <ul style="list-style-type: none"> identify projects with targeted municipalities to be allocated funds outside of the MIG formula award transversal tenders for the procurement of services relating to sport infrastructure support municipalities with planning and implementation of municipal sport and recreation facilities and monitor municipalities' performance and compliance with conditions applicable to this sector Department of Public Works: <ul style="list-style-type: none"> monitor compliance with the EPWP guidelines and advise municipalities on the use of labour intensive processes, systems, techniques and approaches monitor the number of work opportunities and FTEs created on MIG funded projects that contribute towards EPWP ensure that municipalities register their EPWP projects on the EPWP reporting system and monitor compliance to norms and standards applicable to this sector
	<p>Responsibilities of provincial departments responsible for local government</p> <ul style="list-style-type: none"> Verify the accuracy of project registration forms, monthly, quarterly and annual reports and forward these to DCoG Coordinate district appraisal and progress committee meetings ensuring that DCoG and relevant sector departments are invited Issue registration letters for projects approved by the district appraisal committees to municipalities, copying DCoG Coordinate technical support to municipalities Monitor project implementation in collaboration with sectors and submit site visit reports to DCoG Monitor compliance with provincial legislation and alignment to Provincial Growth and Development Strategies through project registration Monitor performance of municipal Project Management Units and recommend relevant sanctions for under-performance to DCoG Provide assistance to municipalities in managing municipal infrastructure projects <p>Responsibilities of provincial sector departments</p> <ul style="list-style-type: none"> Each provincial sector department must fulfil a sectoral monitoring and guidance role on relevant sectoral outputs Provide technical advice as required by a municipality through the feasibility, planning, design, tender and construction phases of a MIG project
	<p>Responsibilities of municipalities</p> <ul style="list-style-type: none"> Municipalities must ensure appropriate programme and project planning and implementation readiness prior to the year of implementation and this must be informed by the IDP and three year capital plan Municipalities must monitor each project and ensure that MIG funds are spent for the intended purpose as registered under the MIG-Management Information System The municipality must report monthly, quarterly and annually in the prescribed formats and timelines, signed by the municipal manager or the delegated official to national government via the provinces
Process for approval of 2017/18 business plans	<ul style="list-style-type: none"> Over time, secondary cities should be treated in the same way as metros by the grant system as they also face challenges related to developing integrated and dynamic urban economies. In the short term however, the capacity of secondary cities and the scale of urban challenges facing them is sufficiently different to metros and thus cannot be immediately be included in the same grant as metros. Special rules and processes for secondary cities will however be included in the MIG from 2017/18 through a "MIG-2" funding stream

Municipal Infrastructure Grant	
	<p>Under the MIG-1 funding stream:</p> <ul style="list-style-type: none"> • Municipalities must submit all technical reports to the sector departments responsible for water, sanitation, solid waste, sport and recreation, roads and transport by 29 July 2016, for all projects to be implemented in 2017/18 • The responsible sector department must evaluate reports and provide final recommendations to the municipality by 30 September 2016 • The municipality must submit all project registration forms by 3 October 2016, for the projects to be implemented in 2017/18, to the provincial department responsible for local government • The provincial departments must provide final recommendations to municipalities by 30 November 2016 • Municipalities must submit to DCOG by 31 January 2017, detailed project implementation plans for all the projects to be implemented in the 2017/18 and 2018/19 financial years • Such plans should include timelines regarding project designs, initiation of procurement, and Environmental Impact Assessment (EIA) and/or relevant permit/license approvals in the prescribed format • Municipalities must submit updated implementation plans as mentioned above by 7 June 2017, justifying any changes from the 31 January 2017 detailed plan <p>Under the MIG-2 funding Stream (for secondary cities):</p> <ul style="list-style-type: none"> • Eligible municipalities will be identified by relevant stakeholders and communicated by DCoG by 31 May 2016 • These eligible municipalities can apply to be part of MIG-2 by 1 August 2016 • Applications will be evaluated by DCoG, National Treasury and relevant stakeholders by end of August 2016 to confirm whether these municipalities qualify to participate • The municipal infrastructure programme and reporting matrix must be submitted by the municipality to DCoG by 30 November 2016 • DCoG and relevant MIG stakeholders to evaluate submissions and provide a final recommendation to the municipality by 31 January 2017

Municipal Systems Improvement Grant	
Transferring department	<ul style="list-style-type: none"> Cooperative Governance and Traditional Affairs (Vote 4)
Grant schedule	<ul style="list-style-type: none"> Schedule 6B
Strategic goal	<ul style="list-style-type: none"> An efficient and developmental sphere of government capable of delivering services to local communities
Grant purpose	<ul style="list-style-type: none"> To assist municipalities to perform their functions and stabilise institutional and governance systems as required in the Municipal Systems Act, the Municipal Property Rates Act and related legislation
Outcome statements	<ul style="list-style-type: none"> A responsive, accountable, effective and efficient local government system
Outputs	<ul style="list-style-type: none"> Number of municipalities supported with improved record management systems Number of municipalities supported with improved, functional and integrated performance management systems Number of municipalities benefitting from the rollout and implementation of simplified revenue plans
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> Outcome 9: A responsive, accountable, effective and efficient developmental local government system
Details contained in the business plan	<ul style="list-style-type: none"> This grant uses a memorandum of understanding that includes: <ul style="list-style-type: none"> outcome indicators output indicators key activities inputs details of how the systems and practices developed will be sustained over the long-term
Conditions	<ul style="list-style-type: none"> The Department of Cooperative Governance and the benefitting municipality must sign a memorandum of understanding that includes: details of the activities and deliverables being funded, responsibilities of each stakeholder, protocols for engagements and feedback, the budget for each activity and timeframes for implementation Municipalities must pass a council resolution supporting the memorandum of understanding Technical support to municipalities must include transfer of skills to municipal officials Grant funds may be spent on building the capacity of municipalities with respect to the purpose and outputs listed for this grant
Allocation criteria	<ul style="list-style-type: none"> In 2016/17 allocations are targeted to municipalities with a history of poor audit outcomes, municipalities in the 27 priority district municipalities and non-metropolitan municipalities with large outstanding debts owed to creditors Over the MTEF funds may be allocated to municipalities not reached in 2016/17
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> The grant is conditional and aimed at building the capacity of targeted municipalities to implement sound institutional and governance systems required in terms of the Local Government: Municipal Systems Act
Past performance	<p>2014/15 audited financial outcomes</p> <ul style="list-style-type: none"> The direct grant was allocated R252 million and R252 million (100 per cent) was transferred municipalities <p>2014/15 service delivery performance</p> <ul style="list-style-type: none"> 174 municipalities were supported to strengthen administration systems to enhance effective public/ward committee participation 209 municipalities were supported with systems to enable year-on-year improvement in audit outcomes 234 municipalities were supported with various information systems that support effective service delivery
Projected life	<ul style="list-style-type: none"> The grant continues until 2018/19, subject to review
MTEF allocations	<ul style="list-style-type: none"> 2016/17: R84 million; 2017/18: R103 million; and 2018/19: R115 million
Payment schedule	<ul style="list-style-type: none"> Payments are made to contracted implementing agents after verification of work performed
Responsibilities of the transferring national officer and receiving officer	<p>Responsibilities of national department</p> <ul style="list-style-type: none"> Management, monitoring and reporting of the programme Agree on Memorandums of Understanding (MoUs) with participating municipalities Coordinate with National Treasury to ensure that the capacity building activities of the two departments are complimentary Submit reports consistent with the reporting requirements in the 2016 Division of Revenue Act <p>Responsibilities of municipalities</p> <ul style="list-style-type: none"> Identify municipal officials that will be recipients of skills transfer Ensure that municipal officials participate actively in all activities funded through this grant Ensure systems and practices developed through this grant are sustained as part of the operations of the municipality Submit reports consistent with the reporting requirements in the 2016 Division of Revenue Act
Process for approval of 2017/18 transfers	<ul style="list-style-type: none"> Targeted municipalities must sign a memorandum of understanding and pass a council resolution in support of this memorandum of understanding

ENERGY GRANTS

Energy Efficiency and Demand Side Management Grant	
Transferring department	<ul style="list-style-type: none"> Energy (Vote 26)
Grant schedule	<ul style="list-style-type: none"> Schedule 5B
Strategic goal	<ul style="list-style-type: none"> To reduce electricity consumption by promoting energy efficient practices
Grant purpose	<ul style="list-style-type: none"> To provide subsidies to municipalities to implement Energy Efficiency and Demand Side Management (EEDSM) initiatives within municipal infrastructure in order to reduce electricity consumption and improve energy efficiency
Outcomes statements	<ul style="list-style-type: none"> Reduced demand for electricity Increased awareness of energy saving Skills development in energy efficiency Energy management capability enhanced
Outputs	<ul style="list-style-type: none"> Amount of electricity saved in GWh Number of energy efficient street lights Number of energy efficient traffic lights Number of buildings retrofitted Number of units of water services infrastructure retrofitted
Details contained in the business plans	<ul style="list-style-type: none"> Outcome indicators Output indicators Key activities Inputs
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> Outcome 9: A responsive, accountable, effective and efficient developmental local government system Outcome 10: Protect and enhance our environmental assets and natural resources
Conditions	<ul style="list-style-type: none"> Funds can only be used to implement electricity saving projects in municipal infrastructure The focus for implementation of energy efficiency interventions shall be limited to buildings, streetlights, traffic lights, and waste water treatment and pump stations The municipality shall determine a detailed and extended electricity consumption baseline in line with standards set by the South African Bureau of Standards (SABS) Municipalities must respond to the request for proposals issued by the Department of Energy (DoE) in the format provided Municipalities must sign a contractual agreement with the DoE Prepare an EEDSM work plan and business plan in the templates provided for the implementation of the project activities Selected municipalities will employ the services of the accredited or certified service providers as determined by the DoE through an open and fair process
Allocation criteria	<ul style="list-style-type: none"> The following criteria are considered favourably in the selection of municipalities to receive allocations from the grant: <ul style="list-style-type: none"> municipalities that have responded to the request for proposals as issued by the DoE and shown a higher electricity saving potential in their proposal municipalities with clearly defined municipal objectives on energy efficiency improvements proposals that use proven energy efficient technologies with costs that have a minimal pay-back period municipalities that show readiness to implement the EEDSM projects good past performance if a municipality has previously participated in the programme quality, viability and financial feasibility of proposed projects capacity to implement the EEDSM project activities
Reason not incorporated in equitable share	<ul style="list-style-type: none"> This is a specific conditional transfer in support of the EEDSM programme
Past performance	2014/15 audited financial outcomes <ul style="list-style-type: none"> The total grant allocation of R137 million was transferred to all participating municipalities
	2014/15 service delivery performance <ul style="list-style-type: none"> A total electricity saving of 18.45 GWh was reported against the projected savings of 23.57 GWh. These energy savings were reported in line with the prescribed monitoring and evaluation system
Projected life	<ul style="list-style-type: none"> The grant will continue until 2018/19, subject to review
MTEF allocations	<ul style="list-style-type: none"> 2016/17: R186 million; 2017/18: R203 million; and 2018/19: R215 million
Payment schedule	<ul style="list-style-type: none"> Transfers are made in accordance with a payment schedule approved by National Treasury
Responsibilities of the transferring national officer and receiving officer	Responsibilities of the national department <ul style="list-style-type: none"> Monitoring and evaluation of the EEDSM programme including measurement and verification of energy savings Provide municipalities with guidance and support through capacity building workshops on best practices and pricing for EEDSM projects Communicate to municipalities the process and requirements for obtaining EEDSM grant funds in 2017/18 Develop a fair and open process to accredit and establish a panel of competent service providers with technical expertise to support municipalities during the implementation of EEDSM projects

Energy Efficiency and Demand Side Management Grant	
	Responsibilities of municipalities <ul style="list-style-type: none"> • Submit proposals as per the request for proposal issued by transferring officer • Implement the EEDSM programme as per the framework and contractual agreement • In the implementation of EEDSM projects, use service providers accredited by DoE • Submit to the DoE the monthly and quarterly reports approved by the municipal manager
Process for approval of 2017/18 business plans	<ul style="list-style-type: none"> • Allocations for 2017/18 will be based on the proposals submitted in line with the request for proposal issued by the Department of Energy • Proposals must be submitted by 28 October 2016 and shall be evaluated against the criteria set out in the framework

Integrated National Electrification Programme (Municipal) Grant	
Transferring department	<ul style="list-style-type: none"> Energy (Vote 26)
Grant schedule	<ul style="list-style-type: none"> Schedule 5B
Strategic goal	<ul style="list-style-type: none"> To reduce the backlogs of un-electrified households and to fund bulk infrastructure to ensure constant supply of electricity
Grant purpose	<ul style="list-style-type: none"> To implement the Integrated National Electrification Programme (INEP) by providing capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings, and the installation of bulk infrastructure
Outcome statements	<ul style="list-style-type: none"> A reduction in household electrification backlogs Universal access to electricity and improvement in distribution infrastructure reliability
Outputs	<ul style="list-style-type: none"> The number of connections to households per annum The number of bulk infrastructure installations Implementation of labour intensive methods on electrification projects and the number of jobs created
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> Outcome 6: An efficient, competitive and responsive economic infrastructure network Outcome 9: Responsive, accountable, effective and efficient developmental local government system
Details contained in the business plan	<ul style="list-style-type: none"> Outcome indicators Output indicators Key activities Inputs
Conditions	<ul style="list-style-type: none"> Adhere to labour intensive construction methods in terms of the Expanded Public Works Programme (EPWP) guidelines for activities such as trenching, planting of poles, etc Register electrification master plans for bulk infrastructure with INEP and abide by the advice or guidance of the Department of Energy (DoE) regarding the central planning and co-ordination for such bulk infrastructure Use INEP funds for the refurbishment of critical infrastructure, only upon submission of a project plan which must be approved by DoE Utilise own funding if the subsidy is insufficient (top-up funding must be available) Minimum size of supply of 1.2 KVA, After Diversity Maximum Demand 20 Amp per household connection, in line with the Suite of Supply Policy Municipalities may utilise up to R1.5 million of the total allocation for service fees (pre-engineering and Eskom connection fee) if approved by the DoE in their business plans
Allocation criteria	<ul style="list-style-type: none"> Allocations are based on an assessment of applications from licensed municipal distributors based on: <ul style="list-style-type: none"> high backlogs rural bias number of occupied households for connection projects past performance integration with other programmes such as 27 priority district municipalities, the National Development Plan, catalytic projects, and mining towns, the financial, technical and staff capabilities to distribute electricity and expand and maintain networks consultation with communities in terms of the Integrated Development Plan process ensuring that universal access objectives are fast tracked infrastructure which is in a state of disrepair, unsafe and which prohibits further connections informal settlements where service delivery has been prioritised new and upgrading of bulk infrastructure projects are allocated based on: (i) future electrification needs; and, (ii) where distribution network reliability adversely impacts economic activity
Reason not incorporated in equitable share	<ul style="list-style-type: none"> This is a specific conditional capital transfer for electrification of households
Past performance	<p>2014/15 audited financial outcome</p> <ul style="list-style-type: none"> R1.1 billion was allocated and transferred to municipalities <p>2014/15 service delivery performance</p> <ul style="list-style-type: none"> 76 828 households were connected, five new bulk substations installed, 15 substations upgraded, 440.6 km of New MV lines installed and 12.3 km of MV lines upgraded
Projected life	<ul style="list-style-type: none"> Grant continues until 2018/19, subject to review
MTEF allocations	<ul style="list-style-type: none"> 2016/17: R1.9 billion; 2017/18: R2.1 billion; and 2018/19: R2.2 billion
Payment schedule	<ul style="list-style-type: none"> Transfers are made in accordance with a payment schedule approved by National Treasury
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of national department</p> <ul style="list-style-type: none"> Agree with municipalities on outputs and targets Continuously monitor implementation and provide support to municipalities Verify reports from municipalities <p>Responsibilities of municipalities</p> <ul style="list-style-type: none"> Ensure that projects are implemented in line with what is reflected in the Integrated Development Plan of the municipality Report accurately and timeously on the management of this grant
Process for approval of 2017/18 business plans	<ul style="list-style-type: none"> Application forms are sent to municipalities and the evaluation of all applications and business plan proposals received from municipalities is completed by 12 August 2016

Integrated National Electrification Programme (Eskom) Grant	
Transferring department	<ul style="list-style-type: none"> • Energy (Vote 26)
Grant schedule	<ul style="list-style-type: none"> • Schedule 6B
Strategic goal	<ul style="list-style-type: none"> • To reduce the backlogs of un-electrified households and fund bulk infrastructure to ensure constant supply of electricity
Grant purpose	<ul style="list-style-type: none"> • To implement the Integrated National Electrification Programme by providing capital subsidies to Eskom to address the electrification backlog of occupied residential dwellings, the installation of bulk infrastructure and rehabilitation and refurbishment of electricity infrastructure in order to improve quality of supply in Eskom licenced areas
Outcome statements	<ul style="list-style-type: none"> • A reduction in household electrification backlogs • Universal access to electricity and improvement in distribution infrastructure reliability
Outputs	<ul style="list-style-type: none"> • The number of household connections per annum • The number of bulk infrastructure installations • Implementation of labour intensive methods on electrification projects and the number of jobs created
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> • Outcome 6: An efficient, competitive and responsive economic infrastructure network • Outcome 9: Responsive, accountable, effective and efficient developmental local government system
Details contained in business plan	<ul style="list-style-type: none"> • Outcome indicators • Output indicators • Inputs • Key activities
Conditions	<ul style="list-style-type: none"> • Plans need to have undergone pre-engineering and project feasibility approval • Projects must be prioritised by municipalities in their Integrated Development Plans (IDPs) and supporting letters must be provided to demonstrate that municipalities are in agreement with projects to be undertaken • Eskom to comply with requirements to provide approved bulk projects in their business plans
Allocation criteria	<ul style="list-style-type: none"> • Allocations to Eskom are made on behalf of municipalities based on applications from Eskom for non-licensed municipalities according to the following criteria: <ul style="list-style-type: none"> ◦ high backlogs ◦ rural bias ◦ integration with other programmes such as 27 priority district municipalities, the National Development Plan and other infrastructure programmes like catalytic projects and mining towns ◦ cost of project is within benchmarked norms ◦ project is aligned with the IDP for a particular municipality
Reason not incorporated in equitable share	<ul style="list-style-type: none"> • This is a specific conditional capital transfer for electrification of households and bulk infrastructure
Past performance	2014/15 audited financial outcomes <ul style="list-style-type: none"> • The grant was allocated R2.9 billion and the entire amount was transferred to Eskom, of which R1.8 billion (64 per cent) was spent by the end of the financial year
	2014/15 service delivery performance <ul style="list-style-type: none"> • 150 674 connections were completed at the end of the financial year (includes connections funded from rollovers)
Projected life	<ul style="list-style-type: none"> • The grant will continue until 2018/19, subject to review
MTEF allocations	<ul style="list-style-type: none"> • 2016/17: R3.5 billion; 2017/18: R3.9 billion; and 2018/19: R4 billion
Payment schedule	<ul style="list-style-type: none"> • Transfers are made in accordance with a payment schedule approved by National Treasury
Responsibilities of the transferring officer and receiving officer	Responsibilities of the national department <ul style="list-style-type: none"> • Agree with Eskom on outputs and targets • Continuously monitor implementation • Provide central coordination for bulk infrastructure • Approve submissions for refurbishment of critical infrastructure
	Responsibilities of Eskom <ul style="list-style-type: none"> • Minimum size of supply of 2.5 KVA, After Diversity Maximum Demand, 20 Amp per household connection and applicable supply for clinic connections, in line with the Suite of Supply Policy • Report to the Department of Energy and National Treasury on monthly and quarterly expenditure for the grant
Process for approval of 2017/18 business plans	<ul style="list-style-type: none"> • Eskom and the Department of Energy must ensure that all planned projects are in line with the municipal IDP and priority list • Eskom and the Department of Energy must ensure that planned projects are feasible and have gone through the pre-engineering process

HUMAN SETTLEMENTS GRANT

Urban Settlements Development Grant	
Transferring department	<ul style="list-style-type: none"> Human Settlements (Vote 38)
Grant schedule	<ul style="list-style-type: none"> Schedule 4B
Strategic goal	<ul style="list-style-type: none"> To assist metropolitan municipalities to improve household access to basic services through the provision of bulk, link and internal reticulation infrastructure, with a focus on the poor; and urban land production to support broader urban development, spatial integration and inclusion by supplementing the capital budgets of metropolitan municipalities
Grant purpose	<ul style="list-style-type: none"> Supplements the capital revenues of metropolitan municipalities in order to support the national human settlements development programme, focusing on poor households
Outcome statements	<ul style="list-style-type: none"> The outcomes to be realised in order to promote integrated sustainable human settlements and improved quality of household are: <ul style="list-style-type: none"> increased individual household access to basic services and related infrastructure increased acquisition and availability of well-located land for human settlements development increased access of poor households to public and socio-economic amenities supporting densification and transit oriented development projects connecting existing and new housing developments ensure the provision of infrastructure for mixed income and mixed use developments to support the leveraging of private and non-state sector grants and funding in support of approved human settlements catalytic projects improving the sustainability of the livelihoods of poor households within each municipality's area of jurisdiction
Outputs	<ul style="list-style-type: none"> The following outputs should be funded by the grant to support the improvement of the overall built environment: <ul style="list-style-type: none"> increase in bulk infrastructure capacity increase in provision of basic services to individual poor households, specifically in informal settlements and back yards, including water, sanitation, solid waste, electricity, refuse removal, roads and access to transport increase in land provision for informal settlement upgrading, subsidy housing, or mixed use developments in support of approved human settlements catalytic projects increase in access to public and socio-economic amenities improved dwelling unit densities within an improved human settlements spatial integration framework increase in number of serviced sites in informal settlements upgrading and/or in-situ projects and green-fields and/or infill developments
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> Outcome 8: Sustainable human settlements and improved quality of household life Outcome 9: Responsive, accountable, effective and efficient developmental local government system
Details contained in business plan	<ul style="list-style-type: none"> This grant uses the Urban Settlements Development Grant (USDG) performance matrix, that is consistent with the Integrated Development Plan (IDP), including the human settlements chapter of the IDP, and the Service Delivery and Budget Implementation Plans (SDBIPs) of the receiving municipalities
Conditions	<ul style="list-style-type: none"> A minimum of 50 per cent of the USDG allocation must be spent on the provision of individual basic services to households living in informal settlements either through in-situ upgrades, relocation or integrated development projects Metros must submit an annual Built Environment Performance Plan (BEPP), USDG Performance Matrix and SDBIP aligned to the IDP, the national Department of Human Settlements and National Treasury The flow of the first instalment is subject to: <ul style="list-style-type: none"> submission of the 2015/16 third quarter report, signed-off by the municipal Accounting Officer (AO) including the performance matrix with non-financial information submission of the annual BEPP and USDG performance matrix for 2016/17 that is aligned to the municipal IDP, SDBIP and national priorities by 27 May 2016 The flow of the second instalment will be conditional upon the: <ul style="list-style-type: none"> submission of the 2015/16 fourth quarter report signed-off by the AO of the municipality including the performance matrix with non-financial information submission of the 2016/17 first quarter report signed-off by the AO of the municipality to the Transferring Officer (TO) and the National Treasury The flow of the third instalment will be conditional upon submission and approval of the signed-off second quarter report by the AO to the TO and the National Treasury including the performance matrix with non-financial information Metros which do not spend 60 per cent of their transferred funds by the end of the second quarter, may have subsequent transfers stopped and reallocated The metros must submit an annual USDG performance matrix containing a project list with project names, project descriptions, classification of infrastructure, Geographic Information System (GIS) coordinates and wards in which projects are being developed. The submission should include motivations of how the projects will benefit poor households and information on spatial targeting, co-funding and other associated investments A maximum of three per cent of the USDG may be used to procure capacity to support the implementation of USDG human settlements programme outputs as contained in the Medium Term Strategic Framework (MTSF)

Urban Settlements Development Grant	
Allocation criteria	<ul style="list-style-type: none"> The base allocation is derived from the Municipal Infrastructure Grant formula explained in part 5 of annexure W1 of the 2016 Division of Revenue Bill The formula incorporates household backlogs in basic services and access to socio-economic services and poverty-weighted data
Reason not incorporated in equitable share	<ul style="list-style-type: none"> This is a supplementary capital infrastructure grant with conditions, objectives and distribution criteria (including infrastructure backlogs) aimed at improving outcomes of the application of the equitable share
Past performance	<p>2014/15 audited financial outcomes</p> <ul style="list-style-type: none"> The grant was allocated R10.2 billion, and R10.2 billion (100 per cent) was transferred to municipalities <p>2014/15 service delivery performance</p> <ul style="list-style-type: none"> Delivery performance is indicated in the performance evaluation reports for 2014/15
Projected life	The programme will continue until 2018/19, subject to review
MTEF allocations	<ul style="list-style-type: none"> 2016/17: R10.8 billion; 2017/18: R11.5 billion; and 2018/19: R12 billion
Payment schedule	<ul style="list-style-type: none"> Transfers will be made in accordance with a payment schedule approved by National Treasury
Responsibilities of transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> Develop indicators for the outcomes and outputs Convene a structured forum to meet with municipalities on a quarterly basis Monitor and evaluate the municipal financial and non-financial performance of the grant, including quarterly summary reports on performance across municipalities Provide support to municipalities with regards to human settlement programmes Ensure collaboration between provinces and municipalities to promote area based planning, budget and funding alignment as well as implementation support, where applicable Undertake oversight visits to municipalities as may be necessary Facilitate strategic and spatial planning support related to human settlements development Submit an evaluation report on the 2015/16 municipal grant to National Treasury by 28 October 2016 Provide systems, including the Housing Subsidy System that supports the administration of the human settlements delivery process Comply with the responsibilities of the TO outlined in the Division of Revenue Act (DoRA) Coordinate and facilitate interaction between national departments, state owned enterprises, other relevant entities of the state, provincial departments of Human Settlements and participating municipalities When under expenditure and under performance is identified, the department may shift funds within the municipalities in line with DoRA processes and requirements and with the concurrence of donor and receiving municipalities Participating in the budgeting process as and when indicated by National Treasury for benchmarking Review and approve the USDG performance matrix <p>Responsibilities of municipalities</p> <ul style="list-style-type: none"> Submit 2015/16 evaluation reports in terms of the USDG performance matrix, as contained in SDBIP, to the TO on or before 26 August 2016 Metropolitan municipalities may replace non performing projects with performing projects providing similar infrastructure is funded that fulfils the same policy objectives. This replacement should not jeopardise the achievement of the overall MTSF targets committed to by the municipality Changes to the approved project list may only be made once a quarter and the metro must notify the department in writing and provide all the relevant details of the new project within 2 weeks of the end of each quarter Submit monthly financial reports, as contemplated in section 71(5) of the Municipal Finance Management Act (MFMA), within 10 working days after the end of each month indicating reasons for deviation and remedial action. Such reports to be submitted to the national department, provincial departments and National Treasury Ensure that their USDG performance matrix is consistent and aligned with national priorities and provincial human settlements plans Comply with the terms and conditions of the receiving officer outlined in the DoRA Municipalities should request the roll-over of unspent funds through National Treasury and inform the transferring officer of all processes regarding the request Ensure effective and efficient utilisation of the grant and ensure it is aligned to the purpose and output of the grant Ensure compliance with required intergovernmental forums and reporting and accountability frameworks for human settlements Ensure that the USDG is used to ensure that the municipality meets its MTSF targets as contained in Outcome 8
Process for approval of 2017/18 business plans	<ul style="list-style-type: none"> Municipalities must submit a comprehensive USDG performance matrix as included in the BEPP which shall include indicators and targets aligned to the MTSF, IDP and SDBIP and a draft and/or approved municipal budget Municipalities must submit their first draft of the USDG performance matrix to the TO by 10 March 2017 and the final USDG performance matrix should be submitted by 12 May 2017

NATIONAL TREASURY GRANTS

Local Government Financial Management Grant	
Transferring department	<ul style="list-style-type: none"> National Treasury (Vote 7)
Grant schedule	<ul style="list-style-type: none"> Schedule 5B
Strategic goal	<ul style="list-style-type: none"> To secure sound and sustainable management of the fiscal and financial affairs of municipalities
Grant purpose	<ul style="list-style-type: none"> To promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act (MFMA)
Outcome statements	<ul style="list-style-type: none"> Improved capacity in financial management of municipalities Improved and sustained skills development including the appointment of at least five interns per municipality supporting the implementation of financial management reforms focusing on the gaps identified in Financial Management Grant (FMG) support plans Appropriately skilled financial officers appointed in municipalities, consistent with the minimum competency regulations Improvement in budget practices consistent with the budget reforms Improvement in management of revenue and expenditure, assets and liabilities Improvement in supply chain management (SCM) practices Timely submission of financial statements and improved audit outcomes Improvement in municipal financial governance and oversight
Outputs	<ul style="list-style-type: none"> Number of municipal officials registered for financial management training Number of interns serving on the internship program per municipality Submission of the FMG support plans Preparation and implementation of multi-year budgets Improved submission of financial management reports Number of municipalities that reviewed or adopted a system of delegations Improvement in Supply Chain Management (SCM) practices Number of internal audit units and audit committees established Preparation and implementation of financial recovery plans, where appropriate
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> Outcome 9: Responsive, accountable, effective and efficient developmental local government system Outcome 12: An efficient, effective and development oriented public service
Details contained in the business plan	<ul style="list-style-type: none"> This grant uses an FMG support plan which identifies weaknesses in financial management, which are planned to be addressed through the grant allocation
Conditions	<ul style="list-style-type: none"> FMG funds can be used towards the following: <ul style="list-style-type: none"> establishment of a Budget and Treasury Office (BTO) with positions filled by appropriately qualified personnel establishment of SCM capacity, an Internal Audit unit and Audit Committees at least five interns appointed over a multi-year period on-going review, revision and submission of FMG support plans to National Treasury that address weaknesses in financial management acquisition, upgrade and maintenance of financial management systems to produce multi-year budgets, in-year reports, Service Delivery and Budget Implementation Plans, Annual Financial Statements, annual reports and automated financial management practices including the municipal Standard Chart of Accounts review and adoption of a delegation system support the training of municipal officials in financial management towards attaining the minimum competencies, as regulated in Government Gazette 29967 of June 2007 preparation and timely submission of annual financial statements for audits support implementation of corrective actions to address audit findings in municipalities that received adverse and disclaimer opinions technical support in financial management to municipalities must include the transfer of skills to municipal officials the preparation of a financial recovery plan and the implementation thereof, where appropriate implementation of financial management reforms and addressing shortcomings identified in the Financial Management Capability Maturity Model (FMCMM) Assessment Report for that municipality ensuring timely submission of the FMG support plan consistent with the conditions of the grant Regular, timely submission of reports with completed information Expenditure must be maintained at appropriate levels
Allocation criteria	<ul style="list-style-type: none"> All municipalities benefit from allocations to augment own resources in support of implementation of the financial management reforms Priority is given to municipalities: <ul style="list-style-type: none"> with challenges/shortcomings in processes, procedures and systems to effectively implement the MFMA identified in the FMCMM assessment with adverse and disclaimer audit opinions

Local Government Financial Management Grant	
Reason not incorporated in equitable share	<ul style="list-style-type: none"> Grant provides direct support to municipalities to develop financial management and technical capacity for the implementation of the MFMA and its regulations
Past performance	<p>2014/15 audited financial outcomes</p> <ul style="list-style-type: none"> R449 million was allocated and transferred to municipalities <p>2014/15 service delivery performance</p> <ul style="list-style-type: none"> All 278 municipalities submitted FMG support plans As at 30 June 2015, 1281 graduate finance interns were serving on the internship program in municipalities Additional support provided by the national department: <ul style="list-style-type: none"> Internship workshops to improve the programme and sustain the reforms, were concluded in five provinces (Free State, Gauteng, Mpumalanga, Northern Cape and North West) The grant supported the following outputs: <ul style="list-style-type: none"> there were 128 municipal managers and 140 chief financial officers that completed the Municipal Finance Management Programme (MFMP) training of the 177 municipalities that utilised the FMG to prepare their 2014/15 Annual Financial Statements, 171 (97 per cent) submitted their annual financial statements to the Auditor-General for auditing by 31 August 2015 97 municipalities utilised the FMG to develop audit action plans and implement corrective actions to address 2013/14 audit findings 201 municipalities utilised the FMG to acquire/upgrade and maintain their financial management systems 199 municipalities adopted their 2015/16 budgets within the prescribed period (30 June 2015) 194 municipalities approved their 2015/16 Service Delivery and Budget Implementation Plans 169 municipalities submitted their signed Quarter 4 Section 71 reports to National Treasury 105 municipalities utilised the FMG to establish internal audit units and audit committees
Projected life	<ul style="list-style-type: none"> Ongoing with periodic reviews as the financial reforms are still in progress
MTEF allocations	<ul style="list-style-type: none"> 2016/17: R465 million; 2017/18: R502 million; and 2018/19: R531 million
Payment schedule	<ul style="list-style-type: none"> Transfers are made in accordance with a payment schedule approved by National Treasury
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> Management, monitoring and reporting of the programme Transfer funds to municipalities in terms of the Division of Revenue Act Undertake on-going monitoring of municipalities
	<p>Responsibilities of the municipalities</p> <ul style="list-style-type: none"> Submit support plans consistent with conditions of the grant Submit reports consistent with the reporting requirements in the Division of Revenue Act
Process for approval of 2017/18 MTEF allocations	<ul style="list-style-type: none"> Ongoing review, revision and submission of the FMG support plans to address weaknesses in financial management The programme is based on the FMG support plans submitted by municipalities before the start of the municipal financial year

Integrated City Development Grant	
Transferring Department	<ul style="list-style-type: none"> National Treasury (Vote 7)
Grant schedule	<ul style="list-style-type: none"> Schedule 4B
Strategic goal	<ul style="list-style-type: none"> The development of more inclusive, liveable, productive and sustainable urban built environments in metropolitan municipalities
Grant purpose	<ul style="list-style-type: none"> To provide a financial incentive for metropolitan municipalities to achieve a more compact urban spatial form through integrating and focussing their use of available infrastructure investment and regulatory instruments
Outcome statements	<ul style="list-style-type: none"> Improved spatial targeting and sequencing of public investments in the urban built environment to achieve a more compact, inclusive, productive and sustainable urban spatial form
Outputs	<ul style="list-style-type: none"> Number of infrastructure projects - including public transport, roads, water, energy, housing, land acquisition and development - in implementation within identified integration zones Number of integrated strategic/catalytic projects planned within identified integration zones Number of authorised studies/strategies completed
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> Outcome 6: An efficient, competitive and responsive economic infrastructure network Outcome 8: Sustainable human settlements and improved quality of household life Outcome 9: Responsive, accountable, effective and efficient developmental local government system
Details contained in the business plan	<ul style="list-style-type: none"> Outcome indicators Output indicators Inputs Key activities
Conditions	<ul style="list-style-type: none"> Eligibility is restricted to metropolitan municipalities which must have: <ul style="list-style-type: none"> obtained a financially unqualified audit opinion from the Auditor General (AG) for the 2014/15 financial year, or finalised an audit action plan by 26 February 2016 achieved acceptable levels of capital expenditure performance (reported a variance between adjusted budgeted and actual expenditures of 35 per cent or lower to the National Treasury for the 2014/15 financial year) Municipalities have the authority to select preferred investments within their functional mandates, and within identified integration zones. Eligible expenditures include: (i) any capital expenditure within the functional mandate of the municipality within identified integration zones; (ii) authorised direct operating expenditure to produce analytical or diagnostic studies, strategy development or transaction advisory assistance related to the development or implementation of strategies for identified integration zones A municipality may apply to the Transferring Officer (TO), by no later than 31 August 2016, to utilise a maximum of 15 per cent of the total annual allocation to undertake specified planning activities within integration zones, provided that: <ul style="list-style-type: none"> these conform to the list of eligible activities identified by the TO, including: <ul style="list-style-type: none"> property market empirical and diagnostic studies integrated infrastructure and spatial planning for identified integration zones investment pipeline development (excluding direct project preparation) development of infrastructure financing strategies and instruments development of policies, by-laws and systems for the administration of development charges enhanced policies and procedures for environmental and social management in infrastructure delivery the municipality can demonstrate the ability to implement these activities within the financial year The first transfer of the grant will only be released to a municipality that has submitted a council approved Built Environment Performance Plan (BEPP) in the prescribed format by 31 May 2016 that includes: (i) a pipeline of catalytic projects that has been compiled according to a prescribed format, and (ii) built environment outcome indicators and targets for 2016, that have been compiled according to a prescribed format The second transfer of the grant will only be released to a municipality that has submitted detailed information on the catalytic projects that are in the pipeline in accordance with the standard format provided
Allocation criteria	<ul style="list-style-type: none"> Allocations will be made to eligible metropolitan municipalities on a population-weighted basis in order to account for the relatively greater planning complexity and investment needs in larger metropolitan municipalities. Final allocations are adjusted by performance against the following weighted indicators: <ul style="list-style-type: none"> no decrease in total debt to revenue ratio in 2014/15 (20 per cent) no Section 57 vacancies for longer than six months in 2015 (20 per cent) unqualified audit opinion by AG (with or without findings) for the last financial year (30 per cent) decrease in total value of irregular, fruitless and wasteful expenditure identified by AG (20 per cent) timely submission of 2016 BEPP and performance indicators (10 per cent) For the outer years of the MTEF, allocations per metropolitan municipality have been provided without taking into account any performance adjustments. The allocation figures will be adjusted annually based on actual performance against the weighted indicators listed above

Integrated City Development Grant	
Reason not incorporated in equitable share	<ul style="list-style-type: none"> The grant provides a specific financial incentive for metropolitan municipalities to enhance the performance of their urban built environment programmes. It reflects commitments contained in the National Development Plan to streamline funding for urban public investments to support the restructuring of the urban built environment
Past performance	2014/15 audited financial outcomes <ul style="list-style-type: none"> R255 million was allocated and transferred to municipalities
	2014/15 service delivery performance <ul style="list-style-type: none"> All municipalities submitted BEPPs timeously and identified 14 integration zones The municipalities also indicated 12 catalytic projects being planned and 3 projects under implementation in these integration zones
Projected life	<ul style="list-style-type: none"> The grant will continue over the 2016 MTEF, subject to review
MTEF allocations	<ul style="list-style-type: none"> 2016/17: R267 million; 2017/18: R292 million; and 2018/19: R309 million
Payment schedule	<ul style="list-style-type: none"> Transfers are made in accordance with a payment schedule approved by National Treasury
Responsibilities of transferring officer and receiving officer	Responsibilities of the national department <ul style="list-style-type: none"> National Treasury will review eligibility criteria and assess compliance with grant conditions prior to the transfer of each grant instalment National Treasury in consultation with the Department of Cooperative Governance and the Department of Rural Development and Land Reform will facilitate engagements on the BEPPs with metropolitan municipalities and other sector departments National Treasury will provide operational guidelines, facilitate peer learning and provide capacity support through the Cities Support Programme National Treasury will authorise applications for the utilisation of grant funds for specified operating purposes National Treasury will review the credibility and measurability of audit plans
	Responsibilities of municipalities <ul style="list-style-type: none"> Submit BEPPs and in-year reports Ensure consistent planning in integration zones, including alignment of Integrated Development Plans, Social Housing Restructuring Zones, Priority Housing Development Areas and Urban Development Zones Strengthen and align their own capacity to support BEPP implementation
Process for approval of 2017/18 business plans	<ul style="list-style-type: none"> Eligible municipalities must submit their draft BEPP by 2 November 2016 in accordance with requirements outlined in the BEPP guidelines For the 2017/18 financial year the level of capital investment in the integration zones will be considered in the allocation criteria

Infrastructure Skills Development Grant	
Transferring department	<ul style="list-style-type: none"> National Treasury (Vote 7)
Grant schedule	<ul style="list-style-type: none"> Schedule 5B
Strategic goal	<ul style="list-style-type: none"> To develop infrastructure delivery management capacity within municipalities by creating a long term and sustainable pool of registered professionals with built environment and related technical skills (engineering, town planning, architecture, quantity surveying, geographic information system and project management)
Grant purpose	<ul style="list-style-type: none"> To recruit unemployed graduates into municipalities to be trained as per the requirements of the relevant statutory councils within the built environment
Outcome statements	<ul style="list-style-type: none"> Develop technical capacity within local government to enhance infrastructure related performance Train graduates with built environment qualifications (national diplomas and degrees) in line with statutory council requirements Increased number of qualified and registered professionals within municipalities Improved infrastructure planning and implementation within municipalities
Outputs	<ul style="list-style-type: none"> Number of built environment graduates registered and trained as per requirements of the relevant statutory councils Number of graduates recognised as registered professionals by the relevant statutory councils Number of graduates employed as registered professionals within the built environment
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> Outcome 5: A skilled and capable workforce to support an inclusive growth path Outcome 9: A responsive, accountable, effective and efficient developmental local government system
Details contained in the business plan	<ul style="list-style-type: none"> Outcome indicators Output indicators Inputs Key activities
Conditions	<ul style="list-style-type: none"> The business plan must demonstrate that the municipality has projects that can support graduates on their road-to-registration Graduates must have a national diploma or degree in the built environment from higher education institutions i.e. Universities or Universities of Technology Municipalities must submit applications for graduates to register as candidates with the relevant statutory councils within six months and complete the candidacy registration process within 12 months of intake Municipalities must provide training as per the road-to-registration requirements of the relevant statutory councils Municipalities must submit evidence of graduate registration to National Treasury when graduates have qualified and are registered as professionals Mentoring must be provided by registered professionals in the same field as the graduates-in-training and the full names and proof of registration of the mentor must be submitted to the National Treasury Infrastructure Skills Development Grant (ISDG) funding is to be utilised exclusively for costs associated with the training/road-to-registration process of graduates (refer to ISDG Guidelines for details) The business plan of a municipality or a training entity must include an absorption strategy for the graduates within the municipality or any other municipality A project administrator per municipality may be appointed for the sole purpose of ISDG related administration (refer to ISDG Guidelines for details) Graduates are to be placed in units to support the management, maintenance and/or implementation of infrastructure, infrastructure related projects, and accelerated service/infrastructure delivery Graduates must be assigned to a supervisor with experience in the same field as the graduates in training Graduates' training progress to be evaluated by professionally registered mentors on a quarterly basis The municipality is to provide and update the list of business tools and assets purchased with the ISDG Municipalities must submit monthly and quarterly reports timeously Graduate reports and/or log books on the road-to-registration must be signed by the registered mentor as required by statutory councils Municipalities must sign a Service Level Agreement with the National Treasury and such agreements must be adhered to Non-compliance with the above conditions can result in the funds being withheld, stopped and re-allocated
Allocation criteria	<ul style="list-style-type: none"> Allocations are based on business plans submitted and the demonstrated ability of municipalities to train graduates for the period stipulated by statutory councils
Reason not incorporated in equitable share	<ul style="list-style-type: none"> This conditional grant is meant to develop technical skills within municipalities
Past performance	<p>2014/15 audited financial outcomes</p> <ul style="list-style-type: none"> R104 million was allocated and transferred to 17 municipalities <p>2014/15 service delivery performance</p> <ul style="list-style-type: none"> The grant has created employment and training opportunities for 435 graduates The following municipalities received the grant: Buffalo City (25 graduates), Nelson Mandela Bay (42 graduates), eThekweni (79 graduates), Ditsobotla (21 graduates), City of Johannesburg (4 graduates), Westonia (13 graduates), Polokwane (17 graduates), Govan Mbeki (109 graduates), Gert Sibande (12 graduates), Lukhanji (8 graduates), Alfred Nzo (15 graduates), Umhlathuze (19 graduates),

Infrastructure Skills Development Grant	
	Sol Plaatjie (15 graduates) , John Taolo Gaetsewe (8 graduates), King Sabata Dalindyebo (13 graduates), City of Cape Town (23 graduates), and George (12 graduates)
Projected life	<ul style="list-style-type: none"> The grant is expected to continue over the Medium Term Expenditure Framework period, subject to review
MTEF allocations	<ul style="list-style-type: none"> 2016/17: R130 million; 2017/18: R141 million; and 2018/19: R149 million
Payment schedule	<ul style="list-style-type: none"> Transfers are made in accordance with a payment schedule approved by National Treasury
Responsibilities of the transferring officer and receiving officer	Responsibilities of the national department <ul style="list-style-type: none"> Rollout the programme in municipalities in compliance with the ISDG framework and guidelines Ensure training is aligned to statutory council requirements Monitor and report on the programme Monitor the registration of graduates with the relevant statutory councils by municipalities Monitor financial and non-financial performance of the ISDG Maintain graduates database for the ISDG Work with the Municipal Infrastructure Support Agent and other stakeholders on a strategy to recruit graduates into positions in municipalities after completing their professional registration
	Responsibilities of municipalities or public entities <ul style="list-style-type: none"> Implement the guidelines provided by the National Treasury to recruit unemployed graduates within the built environment and register them with relevant statutory councils Municipalities must prepare a structured training plan, indicating how graduates will be exposed to suitable projects, to ensure that graduates gain adequate overall experience for professional registration Comply with the requirements of the Division of Revenue Act, ISDG guidelines, the Service Level Agreement and the requirements of the relevant statutory councils Attend all meetings and workshops convened by the National Treasury Support and supervise graduates on their road-to-registration training Recruit professionally registered mentors in line with the skills training required Manage the programme and provide progress reports on a monthly and quarterly basis in the standard reporting templates provided by the National Treasury Manage the utilisation of ISDG funds and report to the National Treasury Update and submit the ISDG database of graduates and ISDG assets as required by the National Treasury
Process for approval of 2017/18 business plans	<ul style="list-style-type: none"> Interested municipalities must submit a three year business plan by 31 August 2016 for assessment by the National Treasury Participating municipalities to submit revised business plans to the National Treasury by 31 August 2016

Neighbourhood Development Partnership Grant	
Transferring department	<ul style="list-style-type: none"> National Treasury (Vote 7)
Grant schedule	<ul style="list-style-type: none"> Schedule 5B and Schedule 6B
Strategic goal	<ul style="list-style-type: none"> Eradicating spatial inequality towards the creation of liveable, sustainable, resilient, efficient, and integrated towns and cities
Grant purpose	<ul style="list-style-type: none"> To plan, catalyse, and invest in targeted locations in order to attract and sustain third party capital investments aimed at spatial transformation, that will improve the quality of life, and access to opportunities for residents in South Africa's under-served neighbourhoods, generally townships
Outcome statements	<ul style="list-style-type: none"> Spatially integrated cities and towns Diversity of public and private capital investments leveraged into targeted locations Improved ratio of Neighbourhood Development Partnership Grant (NDPG) to third party capital investment into strategic locations Improved municipal capacity to support infrastructure investment planning, prioritisation, and ability to drive long-term spatial transformation
Outputs	<ul style="list-style-type: none"> Targeted locations with catalytic projects, defined as either: <ul style="list-style-type: none"> urban hub precincts with secondary linkages; or built environment upgrade projects in urban and rural townships Leveraged third party capital investment into targeted locations The production and dissemination of toolkits, guidance and/or good practice notes and supporting knowledge sharing events Enhanced municipal strategic competencies in investment targeting, implementation, and urban management
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> Outcome 4: Decent employment through inclusive economic growth Outcome 8: Sustainable human settlements and improved quality of household life Outcome 9: Responsive, accountable, effective and efficient developmental local government system
Details contained in the business plan	<ul style="list-style-type: none"> Outcome indicators Output indicators Inputs Key activities
Conditions	<ul style="list-style-type: none"> Compliance with the aims and objectives outlined in a signed memorandum of agreement or funding agreement between the municipality and the transferring officer (TO) Submit cash flow schedules with budgets and timeframes for technical assistance and capital grant (project) implementation as requested by the TO Programme execution is dependent on a sequential and formal acceptance/approval by the TO on NDPG related municipal plans or deliverables Municipalities must commit to forging partnerships with businesses, investors, communities, national and provincial government and state owned entities in order to leverage the third party capital investment required to ensure long term and sustainable outcomes for each precinct
Allocation criteria	<ul style="list-style-type: none"> The grant funds the following activities in targeted locations that are defined as urban hubs: planning, the development of catalytic projects and management activities as well as the development of built environment upgrade projects in rural townships Schedule 6B: Technical assistance allocations support planning, professional programme management costs as well as management activities for projects in targeted locations in order to attract and sustain third party capital investments based on the NDPG's allocation criteria Schedule 5B: Capital grant allocations are determined via a pipeline of prioritised projects that have been identified through the planning process of targeted locations Allocations are focused on municipalities whose circumstances align with the NDPG's criteria, these include: higher population densities, diverse nature of economic activity, concentrations of poverty, inefficient spatial-historical development, improved connectivity and mobility (in particular through improved public transport networks)
Reason not incorporated in equitable share	<ul style="list-style-type: none"> This grant has a strong focus on catalytic nodal and linkage investment in targeted township locations that is not the focus of the equitable share
Past performance	2014/15 audited financial outcomes <ul style="list-style-type: none"> R590 million allocated, and R 590 million transferred in Schedule 5B direct transfers to municipalities R58 million allocated in Schedule 6B indirect transfers to municipalities, and R17 million (29.7 per cent) of the allocation was spent by the end of the national financial year
	2014/15 service delivery performance <ul style="list-style-type: none"> 42 NDPG projects under construction (annual) R2.5 billion in estimated third party investment leveraged (cumulative since 2007/08) 317 catalytic projects approved (cumulative since 2007/08) 13 long-term urban regeneration programmes registered (cumulative since 2013/14) Development and distribution of the Urban Hub Design Toolkit as part of the Urban Network Support Guide to strengthening municipal capacity in planning, investment targeting implementation and urban management
Projected life	<ul style="list-style-type: none"> This grant is expected to continue over the medium term, subject to review

Neighbourhood Development Partnership Grant	
MTEF allocations	Direct transfers (Schedule 5B) <ul style="list-style-type: none"> • 2016/17: R624 million; 2017/18: R663 million; and 2018/19: R702 million Allocation-in-kind (Schedule 6B) <ul style="list-style-type: none"> • 2016/17: R22 million; 2017/18: R28 million; and 2018/19: R29 million
Payment schedule	<ul style="list-style-type: none"> • Transfers are made in accordance with a payment schedule approved by National Treasury
Responsibilities of the transferring officer and receiving officer	Responsibilities of the national department <ul style="list-style-type: none"> • The National Treasury funds plans and catalytic projects in targeted locations that are defined either as urban hubs or as built environment upgrade projects in urban and rural townships, including: <ul style="list-style-type: none"> ○ notifying all municipalities of their allocation status, both directly and via the Neighbourhood Development Partnerships (NDPs) page on the National Treasury website ○ reporting in terms of the Division of Revenue Act (DoRA) ○ determining grant allocations for the Medium Term Expenditure Framework (MTEF) period ○ performing the obligations as set out in the Memorandum of Agreement/Funding Agreements signed between the municipality and the national department ○ governing the acceptance or approval milestones of NDPG related municipal plans or deliverables ○ monitoring, managing and evaluating financial and non-financial performance ○ overseeing and enforcing the conditions of this grant ○ producing and disseminating toolkits, guidance and good practice notes that strengthen competencies in investment targeting, implementation and urban management • The Department of Rural Development and Land Reform is to drive rural development by supporting the planning and infrastructure delivery of identified and agreed NDPG projects, including: <ul style="list-style-type: none"> ○ acting as the agent of the National Treasury on identified and agreed NDPG projects ○ appointing a dedicated project manager to ensure the continuity of NDPG activities ○ reporting monthly to the National Treasury on the progress of NDPG projects ○ providing programme and project management support to municipalities until the NDPG projects are completed and closed ○ motivating to the National Treasury for the reallocation of funding for specific municipal projects ○ integrating existing project and information systems to ensure efficient and effective management of existing NDP projects ○ participating in a joint advisory committee with National Treasury to govern the direction and coordination of the agency function ○ exploring the feasibility of developing grant management capacity Responsibilities of municipalities <ul style="list-style-type: none"> • Compile and submit monthly and quarterly expenditure and progress reports in line with NDPG requirements and as stipulated in the DoRA • Submit a cash flow schedule with budgets and timeframes for technical assistance and/or capital grant implementation as requested by the TO • Provide adequate human resources capacity for the successful coordination and implementation of NDPG projects • Coordinate the development of NDPG related municipal plans or deliverables and ensure that they are aligned with the grant objectives against which performance will be assessed • Manage and monitor technical assistance and/or capital grant implementation ensuring sound financial management and value for money • Maintain accurate and current grant and performance information as specified in NDPG management information formats and systems • Engage stakeholders so as to develop partnerships that leverage funding into the targeted locations • Collect and provide evidence of funding leveraged into each precinct • Mainstream and reflect the NDPG development strategies and plans across the municipality, i.e. through the municipal: <ul style="list-style-type: none"> ○ Spatial Development Frameworks (SDFs) and Capital Investment frameworks (as a chapter in the municipal SDF) ○ Integrated Development Plans (IDPs) ○ Built Environment Performance Plans (BEPPs) - only applicable to metropolitan municipalities
Process for approval of 2017/18 municipal NDPG plans	<ul style="list-style-type: none"> • Submission of NDPG related municipal plans and/or deliverables within the timeframes defined in each municipality's own work plans • Plans and/or deliverables must include an indication of: <ul style="list-style-type: none"> ○ the ability to attract and report on third party funding leveraged ○ the quality of performance and progress reporting ○ the level of NDPG alignment across all municipal development strategies and plans including the coordination, targeting, and prioritisation with other related capital implementation projects as reflected through the municipal SDFs and capital investment frameworks

PUBLIC WORKS GRANT

Expanded Public Works Programme Integrated Grant for Municipalities	
Transferring department	<ul style="list-style-type: none"> Public Works (Vote 11)
Grant schedule	<ul style="list-style-type: none"> Schedule 5B
Strategic goal	<ul style="list-style-type: none"> To provide Expanded Public Works Programme (EPWP) incentive funding to expand job creation efforts in specific focus areas, where labour intensive delivery methods can be maximised
Grant purpose	<ul style="list-style-type: none"> To incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas, in compliance with the EPWP guidelines: <ul style="list-style-type: none"> road maintenance and the maintenance of buildings low traffic volume roads and rural roads basic services infrastructure, including water and sanitation reticulation (excluding bulk infrastructure) other economic and social infrastructure tourism and cultural industries waste management parks and beautification sustainable land-based livelihoods social services programmes community safety programmes
Outcome statements	<ul style="list-style-type: none"> Contribute towards increased levels of employment Improved opportunities for sustainable work through experience and learning gained
Outputs	<ul style="list-style-type: none"> 60 102 Full Time Equivalents (FTEs) to be created through the grant Number of people employed and receiving income through the EPWP Increased average duration of the work opportunities created
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> Outcome 4: Decent employment through inclusive economic growth Outcome 9: Responsive, accountable, effective and efficient developmental local government system
Details contained in the business plans	<ul style="list-style-type: none"> The programme is implemented through municipalities using incentive agreements and project lists that specify the number of FTEs and work opportunities to be created
Conditions	<ul style="list-style-type: none"> EPWP projects must comply with the project selection criteria determined in the EPWP grant manual, the EPWP guidelines set by Department of Public Works (DPW) and the Ministerial Determination updated annually on 1 November each year Eligible municipalities must sign a funding agreement with the DPW before the first grant disbursement, with their final EPWP project list attached Municipalities must report quarterly on all EPWP projects via DPW's EPWP reporting system Reports must be loaded on the EPWP reporting system within 15 days after the end of every quarter in order for progress to be assessed Municipalities must maintain beneficiary and payroll records as specified in the audit requirements in the EPWP grant manual The EPWP grant cannot be used to fund the costs of permanent municipal personnel; however, a maximum of five per cent of the grant can be used to fund contract based capacity required to manage data capturing and on-site management costs related to the use of labour intensive methods The EPWP grant can only be utilised for EPWP purposes, for the projects approved in each municipality's EPWP project list To receive the first planned grant disbursement, eligible municipalities must submit a signed Incentive Agreement with a project list by 10 June 2016 Subsequent grant disbursements are conditional upon eligible municipalities reporting quarterly on EPWP performance within the required timeframes Municipalities must implement their approved EPWP project list and meet agreed job creation targets EPWP branding must be incorporated on any existing signage as per corporate identity manual
Allocation criteria	<ul style="list-style-type: none"> To be eligible for an EPWP grant allocation in the 2016/17 financial year, a municipality must have reported EPWP performance by 15 October 2015. The EPWP grant allocations are based on: <ul style="list-style-type: none"> past EPWP performance the number of FTE jobs created in the prior six quarters past performance with regard to labour intensity in the creation of EPWP work opportunities the need for EPWP work creation in a municipal area, indicated by levels of unemployment, poverty and service backlogs Allocation criteria include a rural bias. Rural municipalities will also be prioritised in terms of technical support for implementation provided by DPW
Reason not incorporated in equitable share	<ul style="list-style-type: none"> This grant is intended to fund expansion of labour intensity in specific focus areas as well as incentivise increased EPWP performance. The grant is based on performance, the potential to expand and the need for EPWP work in key geographic regions
Past performance	<p>2014/15 audited financial outcomes</p> <ul style="list-style-type: none"> The incentive grant had an adjusted allocation of R595 million and 276 eligible municipalities earned the incentive grant and the total adjusted allocated amount of R595 million (100 per cent) was transferred to these municipalities

Expanded Public Works Programme Integrated Grant for Municipalities	
	2014/15 service delivery performance <ul style="list-style-type: none"> • 293 027 work opportunities were reported by 276 municipalities and validated on the EPWP system • 79 413 FTE jobs were reported by 276 municipalities and validated on the EPWP system
Projected life	<ul style="list-style-type: none"> • Grant continues until 2018/19, subject to review
MTEF allocations	<ul style="list-style-type: none"> • 2016/17: R664 million; 2017/18: R716 million; and 2018/19: R758 million
Payment schedule	<ul style="list-style-type: none"> • Transfers are made in accordance with a payment schedule approved by National Treasury
Responsibilities of the transferring officer and receiving officer	Responsibilities of the national department <ul style="list-style-type: none"> • Determine eligibility and set grant allocations and FTE targets for eligible municipalities • Publish on the EPWP website all documents relevant for municipalities to understand and implement the grant, including a grant manual, the relevant EPWP guidelines and the Ministerial Determination • Support municipalities, in the manner agreed to in the grant agreement, to: <ul style="list-style-type: none"> ○ identify suitable EPWP projects and develop EPWP project lists in accordance with the EPWP project selection criteria ○ apply the EPWP project selection criteria and EPWP guidelines to project design ○ report using the EPWP reporting system • Monitor the performance and spending of municipalities according to the signed incentive agreement • Disburse the grant to eligible municipalities • Conduct data quality assessments on a continuous basis, to support good governance and identify areas for administrative improvement • Manage the EPWP coordinating structures in collaboration with provincial coordinating departments to support implementation, identify blockages and facilitate innovative solutions • Conduct site visits to identify where support is needed
	Responsibilities of the eligible municipalities <ul style="list-style-type: none"> • Develop and submit an EPWP project list to DPW by 10 June 2016 • Sign the standard funding agreement with DPW agreeing to comply with the conditions of the grant before receiving any grant disbursement • Agree on the areas requiring technical support from DPW upon signing the grant agreement • Ensure that reporting is done within the timelines stipulated in the grant agreement and that information is captured in the EPWP reporting system • Municipalities must maintain beneficiary and payroll records as specified in the audit requirements in the EPWP grant manual, and make these available to DPW for data quality assessment tests • Reports must be loaded within 15 days after the end of every quarter in order for progress to be assessed
Process for approval of 2017/18 business plans	<ul style="list-style-type: none"> • Municipalities must report performance on EPWP projects for the 2016/17 financial year by 14 October 2016 to be eligible for a grant allocation • Municipalities must submit a signed incentive agreement with a project list by 9 June 2017

TRANSPORT GRANTS

Public Transport Network Grant	
Transferring department	<ul style="list-style-type: none"> Transport (Vote 35)
Grant schedule	<ul style="list-style-type: none"> Schedule 5B
Strategic goal	<ul style="list-style-type: none"> To support the National Land Transport Act (Act No. 5 of 2009) and Public Transport Strategy (PTS) and Action Plan in promoting the provision of accessible, reliable and affordable integrated municipal public transport network services
Grant purpose	<ul style="list-style-type: none"> To provide funding for accelerated construction and improvement of public and non-motorised transport infrastructure that form part of a municipal integrated public transport network and to support the planning, regulation, control, management and operations of fiscally and financially sustainable municipal public transport network services
Outcome statements	<ul style="list-style-type: none"> Improved public transport network infrastructure and services that function optimally and are safe, convenient, affordable, well managed and maintained Public transport systems that are accessible to an increasing percentage of the population of urban municipalities and contribute to more spatially efficient urban areas
Outputs	<p>Network Operations Component</p> <ul style="list-style-type: none"> Number of average weekday passenger trips carried on Public Transport Network Grant (PTNG) funded networks Number and percentage of municipal households within a 500m walk to an Integrated Public Transport Network (IPTN) station or stop that has a minimum peak period frequency of 15 minutes or better Percentage uptime for network operating systems as a proportion of the network's public operating hours Passengers per network vehicle per average weekday <p>Network Infrastructure Component</p> <ul style="list-style-type: none"> Public transport network infrastructure including dedicated lanes, routes and stops/shelters, stations, depots, signage and information displays, control centres and related information technology, fare systems and vehicles (if the Department of Transport (DoT) approves use of grant funds to purchase vehicles), Non-Motorised Transport (NMT) infrastructure that supports network integration (e.g. sidewalks, cycleways, cycle storage at stations, etc.) Plans and detailed design related to IPTN infrastructure and operations
Priority outcome(s) of government this grant primarily contributes to	<ul style="list-style-type: none"> Outcome 6: An efficient, competitive and responsive economic infrastructure network Outcome 9: Responsive, accountable, effective and efficient developmental local government system
Details contained in the business plan	<ul style="list-style-type: none"> This grant uses IPTN operational and related plans that include financial modelling
Conditions	<ul style="list-style-type: none"> Projects must be based on a fiscally and financially sustainable IPTN operational plan (including detailed financial modelling and universal design access plans) approved by the municipal council Projects must support an integrated network approach as defined in the National Land Transport Act (NLTA) and the Public Transport Strategy and municipalities must manage operations to progressively achieve the standard of service defined in the public transport strategy within available resources Payments will be conditional on the attainment of milestones specified in the grant allocation letter to each municipality from the DoT. Milestones are based on the approved IPTN operational plans of cities and are defined after consultation with municipalities All public transport infrastructure and services funded through this grant must ensure that there is provision for the needs of special categories of passengers (including disabled, elderly and pregnant passengers) in line with the requirements of section 11(c)(xiv) of the NLTA Allocations for this grant are made for two components, with separate conditions applicable to each component as set out below. Allocations for the Network Operations Component will be determined by DoT and National Treasury once municipalities submit an annual operations plan including financial forecasts for 2016/17 by 1 April 2016. Funds for one component can be shifted to the other if approved by National Treasury and DoT The first tranche is subject to cities submitting, by 15 June 2016, a multi-year financial operational plan (approved by the municipal council) for the duration of the vehicle operating contract The second tranche is subject to this financial operational plan being submitted to DoT and accepted jointly by National Treasury and the DoT as a basis for future grant allocations All new Intelligent Transport Solutions (ITS) related contracts that will incur grant expenditure must be jointly approved by DoT and National Treasury before grant funds may be spent on them <p>Network Operations Component</p> <ul style="list-style-type: none"> Operating subsidies from this component can fund security, station management, fare collection services, control centre operations, information and marketing, network management, insurance, compensation for the economic rights of existing operators and maintenance of infrastructure and systems From the start of operations, IPTN systems must recover all the direct operating costs of contracted vehicle operators from fare revenue, other local funding sources and, if applicable, from any Public Transport Operations Grant contributions. These direct operating costs consist of fuel, labour, operator administration and vehicle maintenance From the start of operations on a route, the grant can fund a portion of the per kilometre rate to subsidise up to 100 per cent of the capital cost (including interest and related fees) of vehicles purchased by the vehicle operating company

Public Transport Network Grant	
	<ul style="list-style-type: none"> • IPTN operational plans and on-going operations management must target improved farebox cost coverage, through minimising costs and maximising fare revenues. Municipalities operating network services are required to supply detailed operating performance and operating cost and revenue reports quarterly in the formats prescribed by the DoT • Subsidies for any new or existing service, line, route or phase, will only be transferred after a municipality meets the requirements of DoT's Operational Readiness Framework • Municipalities must enforce rules and bylaws regarding usage of dedicated lanes, fare payment, and operator/supplier compliance with contractual provisions • Municipalities are required to establish specialist capacity to manage and monitor public transport system contracts and operations • Verified data on operator revenue and profitability and draft agreements for the compensation of existing economic rights of affected operators must be provided to DoT prior to concluding agreements on compensation for economic rights • Municipalities must enforce agreements that only legal operators operate on routes subject to compensation agreements <p>Network Infrastructure Component</p> <ul style="list-style-type: none"> • The grant can fund all IPTN-related infrastructure, including for non-motorised transport, upgrades of existing public transport infrastructure and for new infrastructure • Municipalities must demonstrate in their IPTN operational plans that they have attempted to give maximum priority to public and non-motorised transport while minimising costs through using existing infrastructure, road space and public land • For each phase, final network routing, service design and related financial modelling must be submitted to DoT for review and approval before municipalities proceed with detailed infrastructure design • IPTN projects must meet the minimum requirements of the South African Bureau of Standards (including Part S of the Building Regulations) • Contracted operators should finance and own vehicles unless a case for the exceptional use of limited infrastructure funding for vehicle procurement is approved by DoT, in consultation with National Treasury. If approval is granted, any vehicles purchased with grant funds must remain the property of the municipality
Allocation criteria	<ul style="list-style-type: none"> • Allocations are only made to municipalities that submit business plans in line with the above conditions, that demonstrate sufficient capacity to operate an IPTN, and credibly demonstrate the long-term fiscal and financial sustainability of the proposed projects • 80 per cent of available funds are allocated according to a formula. The formula has three equally weighted indicators: <ul style="list-style-type: none"> ○ size of population ○ size of economy ○ number of public transport users • 20 per cent of available funds are allocated through a non-formula component. The allocation of this non-formula component will be led by DoT in consultation with National Treasury and agreed upon at the Joint Committee • Allocations for the Network Operations Component are based on cities' Annual Operations Plans (to be submitted to DoT by 1 April 2016) which indicate the amount of the 2016/17 total allocation to be used within the rules of this component. Approval of these allocations is specified in the DoT allocation letter to municipalities and is based on the following rules: <ul style="list-style-type: none"> ○ DoT approval of the annual operations plan ○ the network operations component can be used in each phase and sub-phase of the introduction of services to fund up to 70 per cent of indirect operating costs for two years after the municipal financial year in which operations start. Thereafter the grant can fund up to 50 per cent. Non-PTNG sources must cover the remaining costs ○ compensation for the economic rights of existing operators can be funded up to 100 per cent in each phase
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> • Infrastructure and operational costs associated with the implementation of the PTS and NLTA were not included in municipal budgets prior to the introduction of IPTN services
Past performance	<p>2014/15 audited financial outcomes</p> <ul style="list-style-type: none"> • Public Transport Infrastructure Grant: R5 billion was allocated and R4.8 billion (94 per cent) was transferred to municipalities • Public Transport Network Operating Grant: R1.2 billion was allocated and R1.2 billion (100 per cent) was transferred to municipalities <p>2014/15 service delivery performance</p> <ul style="list-style-type: none"> • Cape Town: <ul style="list-style-type: none"> ○ average of 64 000 passengers per weekday ○ successful roll-out of N2 Express service on the Khayelitsha and Mitchells Plain routes to Cape Town ○ compensation paid to 81 taxi operators. Training was also provided to members of the taxi industry • George: <ul style="list-style-type: none"> ○ Phase 1 rolled out December 2014; Phase 2 rolled out February 2015; and Phase 3 rolled out May 2015

Public Transport Network Grant	
	<ul style="list-style-type: none"> major infrastructure planning completed and construction of Nelson Mandela boulevard circle and urban roadside stops completed. Primary fleet vehicles delivered Rustenburg: <ul style="list-style-type: none"> completion of 8 km of roadway on the North East Corridor and opening of bridge over the railway line conclusion of a memorandum of agreement with affected taxi operators Tshwane: <ul style="list-style-type: none"> A Re Yeng (inception phase) launched and operational with an average of 4000 passengers per weekday infrastructure completed includes: 9.8 km of a dedicated trunk busway, 2.3 km of mixed traffic lanes, 23 km of feeder routes, 26 km of non-motorised transport infrastructure, seven bus stations, 17 feeder bus stops with shelters, 44 feeder stops, one temporary depot and one interim control centre 30 12m buses were delivered Ekurhuleni: <ul style="list-style-type: none"> 3.8 km of dedicated bus ways completed, 6 km of complementary route upgraded in Tembisa North and Boksburg South, 12 km non-motorised transport infrastructure and 12 lay-bys completed eThekweni: <ul style="list-style-type: none"> wall-to-wall plan for the IPTN network and the Vehicle Operator Contract and institutional model completed 1.3 km of right-of-way lanes completed Johannesburg: <ul style="list-style-type: none"> full Phase 1A and 1B systems in operation with an average of 36 648 passengers per week day 14.5 km of the Phase 1C trunk route infrastructure was laid out Polokwane: <ul style="list-style-type: none"> 2.4 km of trunk route constructed; 5.9 km of trunk route extension infrastructure and 21.5 km of feeder route infrastructure rehabilitated; 9 bus bays and 10 km of non-motorised transport infrastructure built Nelson Mandela Bay <ul style="list-style-type: none"> 3 km of bus lanes completed
Projected life	<ul style="list-style-type: none"> The grant will continue until 2018/19, subject to review
MTEF allocations	<ul style="list-style-type: none"> 2016/17: R5.6 billion; 2017/18: R6.4 billion; and 2018/19: R6.8 billion
Payment schedule	<ul style="list-style-type: none"> Transfers are made in accordance with an agreed payment schedule, approved by National Treasury
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> Disburse PTNG funds and monitor PTNG expenditure Monitor IPTN implementation progress and operating performance in line with the NLTA and the public transport strategy Verify reports from municipalities by conducting at least one site visit per annum Allocate the funds based on stated priorities through an allocation mechanism agreed to by the DoT and National Treasury Review and comment on draft compensation agreements for economic rights Review and comment on the network model submitted by each city Evaluate the performance of the grant annually Maintain the database of operational performance based on the indicators and continue to track, report and evaluate the performance of the grant based on these measures Develop a draft public transport subsidy policy for South Africa Submit copies of allocation letters and milestones to National Treasury Review public transport strategy to ensure its requirements enable cities to develop fiscally sustainable IPTN systems <p>Responsibilities of municipalities</p> <ul style="list-style-type: none"> Ensure that projects are implemented in line with approved business plans and are also reflected in the integrated development plan of the municipality. Additional plans that cities will need to complete include: <ul style="list-style-type: none"> network operational plans, including universal design access plans business and financial plans (including financial modelling, economic evaluation, and operator transition plans) institutional network management plan engineering and architectural preliminary and detailed designs public transport vehicle and technology plans marketing and communication plans Projects funded from this grant must promote the integration of the public transport network in a city, through: <ul style="list-style-type: none"> physical integration between different services within a single network fare integration between different services marketing integration with unified branding institutional integration between the services spatial integration, in conjunction with other grants directed at the built environment

Public Transport Network Grant	
	<ul style="list-style-type: none"> • Provide budget proposals for the PTNG funding that: <ul style="list-style-type: none"> ○ are based on sound operational and financial plans that cover direct vehicle company operating costs from local sources at a minimum ○ indicate the intended allocations between the network operations component and network infrastructure component • Establish a dedicated project team to plan, manage and monitor infrastructure development and maintenance, as well as operations with an emphasis on optimising vehicle kilometres through full use of procured Intelligent Transport System tools • Compile and submit data that indicates the efficiency and effectiveness of operational services in the formats and using the indicators defined by the DoT
Process for approval of 2017/18 MTEF allocations	<ul style="list-style-type: none"> • Municipalities must submit business plans based on sound IPTN operational plans by 15 June 2016 • DoT and National Treasury will jointly evaluate these plans – based on pre-determined criteria regarding financial and fiscal sustainability and sufficient capacity – for the city's eligibility for an allocation in the 2017/18 financial year • Municipalities that fail to pass the eligibility criteria will be informed by 29 July 2016 and may be asked to resubmit plans

Rural Roads Asset Management Systems Grant	
Transferring department	<ul style="list-style-type: none"> • Transport (Vote 35)
Grant schedule	<ul style="list-style-type: none"> • Schedule 5B
Strategic goal	<ul style="list-style-type: none"> • Ensure efficient and effective investment in rural municipal roads through development of Road Asset Management Systems (RAMS) and collection of data
Grant purpose	<ul style="list-style-type: none"> • To assist rural district municipalities to set up rural RAMS, and collect road, bridge and traffic data on municipal road networks in line with the Road Infrastructure Strategic Framework for South Africa (RISFSA)
Outcome statements	<ul style="list-style-type: none"> • Improved data on municipal rural roads to guide infrastructure maintenance and investments • Reduced vehicle operating costs
Outputs	<ul style="list-style-type: none"> • Road condition data (paved and unpaved) • Traffic data • Bridge condition data
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> • Outcome 6: An efficient, competitive and responsive economic infrastructure network • Outcome 7: Comprehensive rural development and land reform • Outcome 9: Responsive, accountable, effective and efficient developmental local government system
Details contained in the business plan	<ul style="list-style-type: none"> • This grant uses Road Asset Management Business Plans which contain the following details: <ul style="list-style-type: none"> ○ network data collection plan ○ network condition and traffic volumes ○ organisational and support plan ○ financial summary ○ details of planned engagements and sharing of information with local municipalities
Conditions	<ul style="list-style-type: none"> • Transfer of the first tranche is conditional on submission of an approved business plan by 29 April 2016 • Transfer of the second tranche is conditional on submission of evidence of engagement and sharing of data with local municipalities • Road authorities must conduct regular condition assessments for paved and unpaved roads and bridges and collect traffic data in accordance with Technical Method for Highways (TMH): TMH 9; TMH 19 and TMH 22 • District municipalities must provide local municipalities with validated information from the condition data collected to enable municipalities to identify and prioritise road maintenance requirements within their own budgets, to improve the condition and extend the lifespan of road infrastructure • For RISFSA Class R1, R2 and R3 roads, data collection requirements are: <ul style="list-style-type: none"> ○ visual condition data not older than two years for pavements and five years for bridges ○ instrumental pavement data for roughness, rut depth and macro texture not older than two years ○ instrumental pavement data for structural strength not older than five years, and ○ traffic data not older than three years • For RISFSA Class R4 and R5 roads, data requirements are: <ul style="list-style-type: none"> ○ visual condition data not older than three years for pavements and five years for bridges ○ traffic data not older than five years • All road condition reports and data collected must be submitted to the national Department of Transport (DoT), and the relevant Provincial Roads Authorities • Systems developed to record data must be compatible with DoT specifications (TRH 26 and TMH 22) for uniformity • Up to a maximum of R1 000 per km per year for paved roads and R500 per km per year for gravel roads of the grant may be allocated towards the road classification and collection of data required by this grant • District municipalities must participate in grant management structures, including attending quarterly rural RAMS meetings • A maximum of five per cent may be used for municipal costs incurred as part of coordination, project management and reporting by the district municipality. This may not be used to appoint municipal officials
Allocation criteria	<ul style="list-style-type: none"> • Extent of network and number of local municipalities within a district municipality • 44 district municipalities will benefit from this grant in the 2016 Medium Term Expenditure Framework
Reason not incorporated in equitable share	<ul style="list-style-type: none"> • This is a specific purpose grant mainly for the provision of systems to collect rural road, traffic data and rural access bridges
Past performance	<p>2014/15 audited financial outcomes</p> <ul style="list-style-type: none"> • R52 million was allocated, and the R52 million (100 per cent of the allocation) was transferred to municipalities <p>2014/15 service delivery performance</p> <ul style="list-style-type: none"> • approximately 20 794 km of paved road network, and 163 108 km of unpaved road network had been assessed by the programme in the 28 district municipalities receiving allocations • Poor progress was noted in Sekhukhune and the Department of Transport is assisting the municipality to catch up • 155 graduates have been recruited into the programme

Rural Roads Asset Management Systems Grant	
Projected life	<ul style="list-style-type: none"> The grant has a life span up to 2018/19 and will be subject to review
MTEF allocations	<ul style="list-style-type: none"> 2016/17: R102 million; 2017/18: R107 million; and 2018/19: R114 million
Payment schedule	<ul style="list-style-type: none"> Transfers are made in accordance with a payment schedule approved by National Treasury
Responsibilities of the transferring officer and receiving officer	Responsibilities of the national department <ul style="list-style-type: none"> Monitoring implementation of RAMS together with Provincial Road Authorities Data integrity will be checked by DoT and Provincial Road Authorities Provide guidance on sustainable RAMS operations and standards Facilitate interaction between local municipalities and district municipalities in using RAMS outputs as guidance in municipal road infrastructure management Check the quality of data captured on municipalities' RAMS in collaboration with provincial road authorities
	Responsibilities of municipalities <ul style="list-style-type: none"> Municipalities must make provision to maintain RAMS after the lifespan of the grant Data for all rural roads to be updated within two years Employ unemployed youth, S3 experiential training students and young graduates Ensure human capacity at municipalities for the operation of RAMS is built Road quality data on RAMS must be used for planning Municipal Infrastructure Grant (roads) investments as well as roads maintenance funded from other sources Submission of updated RAMS data in TMH 18 format by 29 August 2016
Process for approval of 2017/18 business plans	<ul style="list-style-type: none"> District municipalities must submit a Road Asset Management Plan for 2017/18 to DoT by 15 March 2017 The Road Asset Management Plan must contain the following: <ul style="list-style-type: none"> the extent of the road network in the municipality the proportion of municipal roads with updated data captured on its RAMS the condition of the network in the municipality the maintenance and rehabilitation need of the municipal road network the status of the municipality's RAMS Status of institutionalisation of RAMS at district municipality TMH 22 Road Asset Management Plan guideline can be used as template DoT together with Provincial Roads Authorities will evaluate the business plans and progress reports by 2 May 2017

WATER AND SANITATION GRANTS

Bucket Eradication Programme Grant	
Transferring department	<ul style="list-style-type: none"> Water and Sanitation (Vote 36)
Grant schedule	<ul style="list-style-type: none"> Schedule 6B
Strategic goal	<ul style="list-style-type: none"> To eradicate the bucket system and provide a basic level of sanitation in formal areas
Grant purpose	<ul style="list-style-type: none"> To provide funding for the eradication of bucket sanitation in formal areas
Outcome statements	<ul style="list-style-type: none"> The eradication of bucket sanitation through the provision of access to basic infrastructure for sanitation in formal areas Build the capacity of municipalities benefitting from this grant to operate and maintain these schemes
Outputs	<ul style="list-style-type: none"> Number of households previously using bucket toilets provided with basic sanitation
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> Outcome 8: Sustainable human settlements and improved quality of household life Outcome 9: A responsive, accountable, effective and efficient developmental local government system
Details contained in the business plan	<ul style="list-style-type: none"> This grant uses a Service Level of Agreement (SLA) signed with each municipality and contractor that contains: <ul style="list-style-type: none"> outcome indicators outputs cash flow projections monthly reporting number of structures to be completed
Conditions	<ul style="list-style-type: none"> Spending in terms of this grant must comply with any conditions set in terms of Section 4 of the 2016 Appropriations Act Projects undertaken through this grant may only fund sanitation projects that contribute to the eradication of bucket sanitation Projects funded through this grant must take account of and must not duplicate projects funded through the Urban Settlements Development Grant or Municipal Infrastructure Grant that will eradicate bucket sanitation The Department of Water Sanitation must confirm with the Department of Cooperative Governance and the Department of Human Settlements that these projects do not duplicate projects funded through other conditional grants This grant must prioritise areas where bucket sanitation is still being utilised The Department of Water and Sanitation must enter into a Service Level Agreement (SLA) with the relevant Water Services Authority before any project is implemented. All SLAs must be concluded by 31 March 2016 SLAs must specify: <ul style="list-style-type: none"> the consultation process undertaken with affected communities the alignment between the project plan and the Water Services Development Plan of the municipality where the project is located and any provincial or municipal informal settlement upgrading or settlement development plans approved for the area where the project will be implemented the infrastructure that will be built how maintenance of the infrastructure will be conducted and funded in future agreement by the Water Services Authority that the project should be implemented as an allocation-in-kind
Allocation criteria	<ul style="list-style-type: none"> Funds have been allocated to complete projects in areas where bucket sanitation systems still exist in formal residential areas
Reason not incorporated in equitable share	<ul style="list-style-type: none"> It is a national priority to eradicate bucket sanitation and this grant will accelerate progress towards this goal
Past performance	<p>2014/15 audited financial outcomes</p> <ul style="list-style-type: none"> R899 million was allocated and R282 million was spent (31 per cent) <p>2014/15 service delivery performance</p> <ul style="list-style-type: none"> Sanitation upgraded for 17 163 households (Eastern Cape 2 672, Free State 3 969, Limpopo 9 091, Northern Cape 1 033 and North West 398) against a target of 43 127 households
Projected life	<ul style="list-style-type: none"> The grant will end in 2016/17, subject to review
MTEF allocations	<ul style="list-style-type: none"> 2016/17: R350 million
Payment schedule	<ul style="list-style-type: none"> Payments are made after verification of work performed

Bucket Eradication Programme Grant	
Responsibilities of national transferring officer and receiving officer	Responsibilities of the national department <ul style="list-style-type: none"> • Facilitate the planning for bucket eradication within national government and coordinate with other spheres of government • Coordinate with municipalities and sign SLAs for the implementation of projects • Submit reports in the format and on the dates prescribed by National Treasury • Department of Water Sanitation must prepare a close out report of the grant and submit it to Parliament in February 2017
	Responsibilities of provincial departments <ul style="list-style-type: none"> • The provincial department responsible for cooperative governance must provide inputs on the draft SLAs and ensure projects implemented through this grant do not duplicate existing projects
	Responsibilities of municipalities <ul style="list-style-type: none"> • Ensure projects implemented through this grant do not duplicate existing projects • Ensure the sustainability of services to support the bucket eradication projects
Process for approval of 2017/18 business plans	<ul style="list-style-type: none"> • This grant will end in 2016/17, subject to review

Regional Bulk Infrastructure Grant	
Transferring department	<ul style="list-style-type: none"> Water and Sanitation (Vote 36)
Grant schedule	<ul style="list-style-type: none"> Schedule 5B and Schedule 6B
Strategic goal	<ul style="list-style-type: none"> Facilitate achievement of targets for access to bulk water through successful execution and implementation of regional bulk infrastructure projects or bulk projects of regional significance
Grant purpose	<ul style="list-style-type: none"> To develop new, refurbish, upgrade and replace ageing infrastructure that connects water resources to infrastructure serving extensive areas across municipal boundaries or large regional bulk infrastructure serving numerous communities over a large area within a municipality To develop new, refurbish, upgrade and replace ageing waste water infrastructure of regional significance To pilot regional Water Conservation and Water Demand Management (WC/WDM) projects or facilitate and contribute to the implementation of local WC/WDM projects that will directly impact on bulk infrastructure requirements
Outcome statements	<ul style="list-style-type: none"> Access to water supply enabled through regional bulk infrastructure Proper waste water management and disposal enabled through regional waste water infrastructure
Outputs	<ul style="list-style-type: none"> Number of regional bulk and WC/WDM projects initiated Number of projects completed Number of people or households targeted to benefit from bulk supply Number of people or households benefitting from projects completed Number of municipalities benefitting Number of job opportunities created
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> Outcome 6: An efficient, competitive and responsive economic infrastructure network Outcome 7: Comprehensive rural development and land reform Outcome 9: A responsive, accountable, effective and efficient developmental local government system
Details contained in the business plan	<ul style="list-style-type: none"> This grant uses Implementation Readiness Studies (IRS) and funding agreements which contain the following: <ul style="list-style-type: none"> cash flow and implementation milestones details of key stakeholders and main contractors specific funding conditions related to the project
Conditions	<ul style="list-style-type: none"> The Regional Bulk Infrastructure Grant (RBIG) is intended to fund the social component of regional bulk water and waste water projects approved by the Department of Water and Sanitation (DWS), unless arguments for exemption based on affordability are recommended by DWS and approved by National Treasury This grant can be used to build enabling infrastructure required to connect or protect water resources over significant distances with bulk and reticulation systems A financing plan with associated co-funding agreements must be in place prior to implementation of RBIG funded projects All sources of funding for the full cost of the project must be outlined in the Implementation Readiness Study (IRS) and the funding agreement RBIG payments for Schedule 6B allocations will be made to DWS's contracted implementing agent based on invoices on work done All projects must be implemented in line with the approved IRS All projects must be aligned with and referenced to municipalities' Integrated Development Plans (IDPs) and Water Services Development Plans (WSDPs) as well as a detailed plan which shows alignment of RBIG projects with those funded through the Municipal Infrastructure Grant (MIG) and the Water Services Infrastructure Grant If required, a transfer plan must be developed and agreed to prior to the commencement of any new projects
Allocation criteria	<ul style="list-style-type: none"> Projects are assessed individually, and allocations are made by DWS on a project basis, taking into account the following factors: <ul style="list-style-type: none"> demand for water the overall infrastructure needs for the benefiting institution the strategic nature of the project economic importance of an area urgency of the intervention impact of the intervention other appropriate water resources available
Reason not incorporated in equitable share	<ul style="list-style-type: none"> Regional bulk projects are closely linked to water resource planning and development, which is a DWS competency
Past performance	2014/15 audited financial outcome <ul style="list-style-type: none"> Of an allocation of R4.6 billion; R3.8 billion (81.7 per cent) was spent
	2014/15 service delivery performance <ul style="list-style-type: none"> Nine projects were completed: <ul style="list-style-type: none"> Driefontein Complex Bulk Water Scheme Hlabisa Bulk Water Supply

Regional Bulk Infrastructure Grant	
	<ul style="list-style-type: none"> ○ Mandlakazi Bulk Water Supply ○ Ermelo Bulk Water Supply ○ Msukaligwa Regional Water Supply Scheme ○ Orange River - Colesberg Bulk Water Supply ○ Thembelihle Bulk Water Supply ○ Niekirkshoop Bulk Water Supply ○ Kathu Waste Water Treatment Works ● 75 Projects were in construction phase, 12 projects in design or tender phase and 50 projects in feasibility phase
Projected life	<ul style="list-style-type: none"> ● The grant will continue until 2018/19, subject to review
MTEF allocations	<ul style="list-style-type: none"> ● Direct transfers (Schedule 5B): <ul style="list-style-type: none"> ○ 2016/17: R1.9 billion; 2017/18: R1.9 billion; and 2018/19: R2 billion ● Allocation-in-kind (Schedule 6B): <ul style="list-style-type: none"> ○ 2016/17: R3.5 billion; 2017/18: R2.8 billion and; 2018/19: R2.9 billion
Payment schedule	<ul style="list-style-type: none"> ● Payments for the Schedule 5B allocations are made in terms of a payment schedule approved by National Treasury ● Payments for the Schedule 6B allocations are made after verification of work performed
Responsibilities of the transferring national officer and receiving officer	Responsibilities of the national department <ul style="list-style-type: none"> ● Support the development of Water Services Authorities' water services infrastructure master plans ● Ensure every municipality benefiting from a specific project or scheme is invited to participate in the feasibility and IRS ● Enter into agreements with Water Service Authorities regarding the construction, ownership, funding arrangements, and operation and maintenance of proposed infrastructure prior to the commencement of construction. These agreements must be specified in the IRS and/or in the funding agreement ● If required, ensure the necessary authorisations including environmental impact assessment and water use licences are obtained ● Provide detailed information on the selection criteria and conditions for the grant (RBIG Programme Implementation Framework). Ensure that suitable agreements are in place between any implementing agent who will continue to operate the infrastructure after completion and the Water Service Authority. The department must implement their Skills Transfer and Capacity Building Plan that sets out how the capacity of benefiting municipalities will be developed so that they can continue to perform the function after the Schedule 6B funded project ends ● The department must submit an annual assessment of progress against its Skills Transfer and Capacity Building Plan to National Treasury two months after the end of the national financial year
	Responsibilities of Water Services Authorities <ul style="list-style-type: none"> ● Develop and regularly update a water services infrastructure master plan ● Submit monthly, quarterly and annual progress reports to DWS ● Ensure that projects are appropriately linked to the municipality's water services infrastructure master plans, the Integrated Development Plans and the Water Services Development Plans ● Once a project is completed, ensure adherence to operations and maintenance plans and/or any requirements agreed to, as part of the funding agreement, and ensure the sustainability of the infrastructure ● Ensure integration of planning, funding, timing and implementation of bulk and reticulation projects ● Ensure provision of reticulation services and /or reticulation infrastructure to connect to the bulk infrastructure funded through this grant
Process for approval of 2017/18 business plans	<ul style="list-style-type: none"> ● Due to the long term nature of projects, dates of the various processes are not fixed ● All proposed projects which comply with the RBIG criteria must be registered and listed with DWS's provincial bulk master plans ● At a regional level, a co-ordination committee of key stakeholders to assist with planning of regional bulk projects and the assessment of the IRS and feasibility studies must be in place ● IRS and feasibility studies will be evaluated and approved by DWS ● At a national level, projects are allocated a budget by DWS and submitted to National Treasury for gazetting as indicative budget allocations ● Project funding approval letters will be issued to the benefiting municipalities ● Based on the outcome of the IRS, DWS will nominate the implementing agent for the construction phase and designate the owner of the infrastructure. National Treasury and benefiting municipalities will be informed of the decisions

Water Services Infrastructure Grant	
Transferring department	<ul style="list-style-type: none"> • Water and Sanitation (Vote 36)
Grant schedule	<ul style="list-style-type: none"> • Schedule 5B and Schedule 6B
Strategic goal	<ul style="list-style-type: none"> • To assist Water Services Authorities (WSAs) to reduce water and sanitation backlogs and sustain water and sanitation infrastructure
Grant purpose	<ul style="list-style-type: none"> • To facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and improve the sustainability of services in prioritised district municipalities, especially in rural municipalities • Provide interim, intermediate water and sanitation services that ensure provision of services to identified and prioritised communities, including through spring protection, drilling, testing and equipping of boreholes and on-site solutions • To support drought relief projects in affected municipalities
Outcome statements	<ul style="list-style-type: none"> • An increased number of households with access to reliable, safe drinking water and sanitation services in all municipalities previously covered under Municipal Water Infrastructure Grant, Rural Household Infrastructure Grant and Water Services Operating Subsidy Grant
Outputs	<ul style="list-style-type: none"> • Number of households provided with water and sanitation through: <ul style="list-style-type: none"> ○ reticulated water supply ○ on site sanitation ○ on site water ○ source identification ○ water conservation/water demand management provisioning • Number of households reached by health and hygiene awareness and end user education • Number of job opportunities created
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> • Outcome 7: Comprehensive rural development and land reform • Outcome 8: Sustainable human settlements and improved quality of household life • Outcome 9: Responsive, accountable, effective and efficient developmental local government system
Details contained in the business plan	<ul style="list-style-type: none"> • Outcome indicators • Output indicators • Inputs • Key activities
Conditions	<p>Schedule 5B allocations</p> <ul style="list-style-type: none"> • Municipalities must submit business plans signed off by the Accounting Officer in line with their Water Services Development Plans (WSDP) • The Department of Water and Sanitation (DWS) must approve the business plans before projects can be implemented • WSAs may only spend funds in line with approved business plans • WSA must submit monthly financial and quarterly non-financial reports to DWS • All projects funded must be aligned to, and not duplicate, any existing or planned projects funded from other conditional grants or municipal own funds • Funds must be reflected on the capital budget of the municipality • Grant funds may not be spent on operations and routine maintenance • Municipalities must demonstrate in the business plan how they plan to fund and manage the infrastructure over the long term <p>Schedule 6B allocations</p> <ul style="list-style-type: none"> • Municipalities must submit business plans signed off by the Accounting Officer in line with WSDP • DWS must approve the business plans before projects can be implemented • DWS must enter into a Service Level Agreement (SLA) with the relevant municipality before any project is implemented • SLAs between DWS and the WSA must specify: <ul style="list-style-type: none"> ○ the location of the project and communities impacted ○ the consultation process undertaken with affected communities ○ the alignment between the project plan and the municipality's WSDP ○ the interim/intermediate and/or localised infrastructure that will be built or the intervention that will be implemented ○ the cost of the project and timeframe for completion ○ how maintenance of the infrastructure will be conducted and funded in future by the municipality ○ details of how the capacity of the municipality will be strengthened through the project implementation process so that it can implement projects itself in future ○ DWS's implementing agent

Water Services Infrastructure Grant	
	<ul style="list-style-type: none"> ○ agreement by the municipality that the project should be implemented as an allocation-in-kind ● All projects funded must be aligned to, and not duplicate, any existing or planned projects funded from other conditional grants or municipal own funds. Municipalities must demonstrate in the business plan how they plan to fund and manage the infrastructure over the long term ● DWS must facilitate the transfer of skills to municipalities to assist in capacity building and ensure municipalities can operate the projects in future
Allocation criteria	<ul style="list-style-type: none"> ● Allocations are based on the number of households with water and sanitation backlogs, prioritising the 27 priority district municipalities identified by government
Reason not incorporated in equitable share	<ul style="list-style-type: none"> ● The grant is earmarked for specific projects aimed at providing access to water services for communities without access to basic water and sanitation services
Past performance	<p>2014/15 audited financial outcome</p> <ul style="list-style-type: none"> ● Direct Municipal Water Infrastructure Grant: <ul style="list-style-type: none"> ○ of the R1 billion allocated, R783 million (72 per cent) was spent ● Indirect Rural Household Infrastructure Grant: <ul style="list-style-type: none"> ○ of the R65 million allocated, R65 million (100 per cent) was spent ● Direct Water Services Operating Subsidy: <ul style="list-style-type: none"> ○ of the R591 million allocated, R469 million (79 per cent) was spent <p>2014/15 service delivery performance</p> <ul style="list-style-type: none"> ● Municipal Water Infrastructure Grant: <ul style="list-style-type: none"> ○ 40 996 households served ○ 429 jobs created ● Rural Household Infrastructure Grant: <ul style="list-style-type: none"> ○ 4 708 structures completed ● Water Services Operating Subsidy: <ul style="list-style-type: none"> ○ 60 schemes refurbished
Projected life	<ul style="list-style-type: none"> ● The grant will continue until 2018/19 financial year, subject to review
MTEF allocations	<ul style="list-style-type: none"> ● Direct transfers (Schedule 5B): <ul style="list-style-type: none"> ○ 2016/17: R2.8 billion; 2017/18: R3.7 billion; and 2018/19: R4 billion ● Allocations-in-kind (Schedule 6B): <ul style="list-style-type: none"> ○ 2016/17: R312 million; 2017/18: R587 million; and 2018/19: R608 million
Payment schedule	<ul style="list-style-type: none"> ● For Schedule 5B, transfers are made in accordance with a payment schedule approved by National Treasury ● For Schedule 6B, payments are made to contracted implementing agents after verification of work performed
Responsibilities of transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> ● Approve the business plans before funds can be transferred ● Evaluate and approve the business plans for each project ● Ensure that the conditions of the grant and approved business plans are adhered to ● Submit statutory reports (monthly financial, quarterly non-financial and annual performance) to National Treasury ● Implementing agents must submit monthly financial and quarterly non-financial reports to DWS ● In cases where DWS appoints the contractor, a contract must be signed between DWS and the appointed contractor before the project can commence ● Implement the Skills Transfer and Capacity Building Plan ● The department must submit an annual report to National Treasury 45 days after the end of the financial year <p>Responsibilities of water services authorities</p> <ul style="list-style-type: none"> ● Compile and submit signed-off business plans for each project (for the relevant financial year) ● Sustainably operate and maintain funded water and sanitation projects over their lifetime ● Ensure integrated planning for all projects funded through the different grants and programmes the municipality participates in ● Review and sign-off on the technical report for each project ● Ensure adequate participation and involvement of the public in each project, particularly in rural areas ● Manage project implementation in line with the business plan ● Submit monthly, quarterly and annual progress reports in the format prescribed by DWS ● Comply with all the funding conditions agreed to in the business plan

Water Services Infrastructure Grant	
Process for approval of 2017/18 business plans	<ul style="list-style-type: none"> • DWS will issue a template and guideline on business plan requirements by 29 July 2016 • Business plans must be submitted to DWS by 23 December 2016 • Business plans must be approved by DWS by 28 February 2017 • Only municipalities that have comprehensive asset management policies and systems in place by the end of the 2018/19 financial year will be eligible to receive this grant

ANNEXURE W4

**SPECIFIC PURPOSE ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 4, PART B; SCHEDULE 5, PART B AND
SCHEDULE 7, PART B): CURRENT GRANTS**
(National and Municipal Financial Years)

ANNEXURE W4
SPECIFIC PURPOSE GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 5, PART B AND SCHEDULE 7, PART B): CURRENT GRANTS

Category			Municipal Demarcation Transition Grant			Energy Efficiency and Demand Side Management Grant			Infrastructure Skills Development Grant			Local Government Financial Management Grant			Expanded Public Works Programme Integrated Grant for Municipalities			SUB-TOTAL: CURRENT ¹		
			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year		
			2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)
EASTERN CAPE																				
A	BUF	Buffalo City						5 000	3 000	9 000	11 000	12 000	1 300	1 300	1 000	1 188		11 488	17 300	16 000
A	NMA	Nelson Mandela Bay					5 236	15 024	14 500	14 500	15 200	1 050	1 050	1 000	8 496		24 046	20 786	31 224	
B	EC101	EC101	20 143	6 847	3 000								5 460	5 945	6 455	3 101		31 704	12 792	5 952
B	EC102	Blue Crane Route											1 625	1 700	1 955	1 008		2 633	1 700	1 955
B	EC104	Makana											1 810	2 145	2 400	1 000		2 810	2 145	2 400
B	EC105	Ndlambe											1 825	1 900	2 155	1 000		2 825	1 900	2 155
B	EC106	Sundays River Valley											2 010	2 345	2 600	1 000		3 010	2 345	2 600
B	EC108	Kouga											1 625	1 700	1 955	1 057		2 682	1 700	1 955
B	EC109	Kou-Kamma											1 825	1 900	2 155	1 000		2 825	1 900	2 155
C	DC10	Sarah Baartman District Municipality											1 250	1 250	1 000	1 000		2 250	1 250	1 000
Total: Sarah Baartman Municipalities			20 143	6 847	3 000								17 430	18 885	20 675	10 166		50 739	25 732	20 675
B	EC121	Mbashe											1 625	1 700	1 955	1 144		2 769	1 700	1 955
B	EC122	Mquma											1 625	1 700	1 700	1 000		2 625	1 700	1 700
B	EC123	Great Kei											2 010	2 345	2 600	1 000		3 010	2 345	2 600
B	EC124	Amathlathi											1 625	1 700	1 955	1 062		2 687	1 700	1 955
B	EC126	Nqushwa											2 010	2 345	2 600	1 000		3 010	2 345	2 600
B	EC129	EC129	13 428	4 566									3 650	3 800	4 056	2 167		19 245	8 366	4 056
C	DC12	Amathole District Municipality											1 250	1 250	1 000	2 297		3 547	1 250	1 000
Total: Amathole Municipalities			13 428	4 566									13 795	14 840	15 866	9 670		36 893	19 406	15 866
B	EC131	Inxuba Yethemba											1 810	2 145	2 400	1 479		3 289	2 145	2 400
B	EC135	Intsika Yetfu											1 810	2 145	2 400	1 311		3 121	2 145	2 400
B	EC136	Emalahleni											2 010	2 345	2 600	1 415		3 425	2 345	2 600
B	EC137	Engcobo											1 625	1 700	1 700	2 000		3 625	1 700	1 700
B	EC138	Sakhiizwe											1 625	1 700	1 700	1 117		2 742	1 700	1 700
B	EC139	EC139	20 143	6 847					2 800	2 800	2 800		5 460	5 945	6 200	4 079		32 482	15 592	9 000
C	DC13	Chris Hani District Municipality											1 500	1 500	1 250	7 797		9 297	1 500	1 250
Total: Chris Hani Municipalities			20 143	6 847					2 800	2 800	2 800		15 840	17 480	18 250	19 198		57 981	27 127	21 050
B	EC141	Elundini											1 625	1 700	1 700	1 548		3 173	1 700	1 700
B	EC142	Senqu											1 625	1 700	1 700	1 497		3 122	1 700	1 700
B	EC145	EC145	13 428	4 566			6 000						3 835	4 245	4 501	2 438		19 701	14 811	4 501
C	DC14	Joe Gqabi District Municipality											1 250	1 250	1 505	1 474		2 724	1 250	1 505
Total: Joe Gqabi Municipalities			13 428	4 566			6 000						8 335	8 895	9 406	6 957		28 720	19 461	9 406
B	EC153	Nqguza Hill											1 625	1 700	1 700	1 266		2 891	1 700	1 700
B	EC154	Port St Johns											1 825	1 900	2 155	1 000		2 825	1 900	2 155
B	EC155	Nyandeni											1 625	1 700	1 700	1 261		2 886	1 700	1 700
B	EC156	Mkhonto											2 010	2 345	2 600	1 232		3 242	2 345	2 600
B	EC157	King Sabata Dalindyebo			8 000			5 000	5 000	5 000	4 500	5 000	1 810	2 145	2 400	1 699		16 509	6 645	12 400
C	DC15	O.R.Tambo District Municipality											1 710	2 045	2 300	3 213		4 923	2 045	2 300
Total: O.R.Tambo Municipalities					8 000			5 000	5 000	5 000	4 500	5 000	10 605	11 835	12 855	9 671		33 276	16 335	22 855
B	EC441	Matatiele											1 625	1 700	1 700	1 790		3 415	1 700	1 700
B	EC442	Umtzimvubu											1 625	1 700	1 955	1 626		3 251	1 700	1 955
B	EC443	Mbizana											1 810	2 145	2 400	1 084		2 894	2 145	2 400
B	EC444	Ntabankulu											1 825	1 900	2 155	1 231		3 056	1 900	2 155
C	DC44	Alfred Nzo District Municipality				8 000	6 000	5 000	5 000	5 000	4 561	5 000	1 460	1 795	2 050	6 006		20 466	12 356	12 050
Total: Alfred Nzo Municipalities						8 000	6 000	5 000	5 000	5 000	4 561	5 000	8 345	9 240	10 260	11 737		33 082	19 801	20 260
Total: Eastern Cape Municipalities			67 142	22 826		19 000	22 236	28 024	36 300	37 361	40 000	76 700	83 525	89 312	77 083			276 225	165 948	157 336

ANNEXURE W4
SPECIFIC PURPOSE GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 5, PART B AND SCHEDULE 7, PART B): CURRENT GRANTS

Category		Municipal Demarcation Transition Grant			Energy Efficiency and Demand Side Management Grant			Infrastructure Skills Development Grant			Local Government Financial Management Grant			Expanded Public Works Programme Integrated Grant for Municipalities			SUB-TOTAL: CURRENT ¹		
		National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year		
		2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)
FREE STATE																			
A	MAN Mangaung	13 428	4 566		7 000		5 000				3 310	3 645	3 345	5 151			28 889	8 211	8 345
B	FS161 Letsemeng										1 825	1 900	2 155	1 000			2 825	1 900	2 155
B	FS162 Kopanong										1 625	1 700	1 700	1 155			2 780	1 700	1 700
B	FS163 Mhokare										1 825	1 900	2 155	1 000			2 825	1 900	2 155
C	DC16 Xhariep District Municipality										1 250	1 250	1 505	1 053			2 303	1 250	1 505
Total: Xhariep Municipalities											6 525	6 750	7 515	4 208			10 733	6 750	7 515
B	FS181 Masilonyana				6 000						1 825	1 900	2 155	1 147			8 972	1 900	2 155
B	FS182 Tokologo										1 825	1 900	2 155	1 032			2 857	1 900	2 155
B	FS183 Tswelopele					5 000					1 825	1 900	2 155	1 000			2 825	6 900	2 155
B	FS184 Majhabeng										1 810	2 145	2 400	1 131			2 941	2 145	2 400
B	FS185 Nala				6 000						2 010	2 345	2 600	1 000			9 010	2 345	2 600
C	DC18 Lejweleputswa District Municipality										1 250	1 250	1 000	1 000			2 250	1 250	1 000
Total: Lejweleputswa Municipalities					12 000	5 000					10 545	11 440	12 465	6 310			28 855	16 440	12 465
B	FS191 Setsoto										1 625	1 700	1 700	1 908			3 533	1 700	1 700
B	FS192 Dhlabeng										1 625	1 700	1 955	1 000			2 625	1 700	1 955
B	FS193 Nketoana										1 625	1 700	1 955	1 023			2 648	1 700	1 955
B	FS194 Maitisa-Phofung					6 000					1 810	2 145	2 400	7 650			9 460	8 145	2 400
B	FS195 Phumelela										2 010	2 345	2 600	1 000			3 010	2 345	2 600
B	FS196 Mantsopa										1 810	2 145	2 400	1 000			2 810	2 145	2 400
C	DC19 Thabo Mofutsanyana District Municipality										1 250	1 250	1 505	1 120			2 370	1 250	1 505
Total: Thabo Mofutsanyana Municipalities						6 000					11 755	12 985	14 515	14 701			26 456	18 985	14 515
B	FS201 Mqhasha										1 810	2 145	2 400	1 000			2 810	2 145	2 400
B	FS203 Ngwathe										1 810	2 145	2 400	1 078			2 888	2 145	2 400
B	FS204 Metsimaholo										1 625	1 700	1 955	1 060			2 685	7 700	1 955
B	FS205 Mafube				5 000	6 000					2 010	2 345	2 600	1 000			8 010	2 345	2 600
C	DC20 Fzile Dabi District Municipality										1 250	1 250	1 000				1 250	1 250	1 000
Total: Fzile Dabi Municipalities					5 000	6 000					8 505	9 585	10 355	4 138			17 643	15 585	10 355
Total: Free State Municipalities		13 428	4 566		24 000	17 000	5 000				40 640	44 405	48 195	34 508			112 576	65 971	53 195
GAUTENG																			
A	EKU Ekurhuleni				15 000	20 000	15 000				1 050	1 050	1 000	22 125			38 175	21 050	16 000
A	JHB City of Johannesburg				10 000		15 000	7 700	8 200	8 500	1 050	1 050	1 000	47 613			66 363	9 250	24 500
A	TSH City of Tshwane						15 000				2 875	2 650	2 400	50 247			53 122	2 650	17 400
B	GT421 Emfuleni										1 475	1 550	1 550	2 528			4 003	1 550	1 550
B	GT422 Midvaal										1 475	1 550	1 550	1 279			2 754	1 550	1 550
B	GT423 Lesedi										1 475	1 550	1 550	1 238			2 713	1 550	1 550
C	DC42 Sedibeng District Municipality										1 250	1 250	1 250	1 000			2 250	1 250	1 250
Total: Sedibeng Municipalities											5 675	5 900	5 900	6 045			11 720	5 900	5 900
B	GT481 Mogale City										1 475	1 550	1 550	1 089			2 564	1 550	1 550
B	GT484 Merafong City										1 625	1 700	1 700	1 424			3 049	1 700	1 700
B	GT485 GT485	9 714	4 566			10 000	5 000	3 300	3 300	3 200	2 950	3 100	3 356	2 927			18 891	20 966	11 556
C	DC48 West Rand District Municipality										1 250	1 250	1 000	1 305			2 555	1 250	1 000
Total: West Rand Municipalities		9 714	4 566			10 000	5 000	3 300	3 300	3 200	7 300	7 600	7 606	6 745			27 059	25 466	15 806
Total: Gauteng Municipalities		9 714	4 566		25 000	30 000	50 000	11 000	11 500	11 700	17 950	18 250	17 906	132 775			196 439	64 316	79 606

ANNEXURE W4
SPECIFIC PURPOSE GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 5, PART B AND SCHEDULE 7, PART B): CURRENT GRANTS

Category		Municipal Demarcation Transition Grant			Energy Efficiency and Demand Side Management Grant			Infrastructure Skills Development Grant			Local Government Financial Management Grant			Expanded Public Works Programme Integrated Grant for Municipalities			SUB-TOTAL: CURRENT ¹		
		National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year		
		2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)
KWAZULU-NATAL																			
A	ETH eThekweni					16 000	10 000	28 500	27 000	26 700	1 050	1 050	1 000	49 478			79 028	44 050	37 700
B	KZN212 KZN212	9 714	4 566								3 835	4 245	4 501	2 038			15 587	8 811	4 501
B	KZN213 Umzumbe										1 825	1 900	1 900	1 083			2 908	1 900	1 900
B	KZN214 uMuziwabantu										1 825	1 900	1 900	1 129			2 954	1 900	1 900
B	KZN216 KZN216	9 714	4 566								3 450	3 600	3 600	2 660			15 824	8 166	3 600
C	DC21 Ugu District Municipality										1 460	1 795	2 050	1 788			3 248	1 795	2 050
Total: Ugu Municipalities		19 428	9 132								12 395	13 440	13 951	8 698			40 521	22 572	13 951
B	KZN221 uMshwathi										1 825	1 900	2 155	1 313			3 138	1 900	2 155
B	KZN222 uMngeni										1 625	1 700	1 955	1 317			2 942	1 700	1 955
B	KZN223 Mpofana										1 825	1 900	2 155	1 000			2 825	1 900	2 155
B	KZN224 Impendle										1 825	1 900	1 900	1 443			3 268	1 900	1 900
B	KZN225 Msunduzi				8 000						1 625	1 700	1 700	6 809			16 434	1 700	1 700
B	KZN226 Mkhambathini										1 825	1 900	2 155	1 253			3 078	1 900	2 155
B	KZN227 Richmond										1 825	1 900	1 900	1 277			3 102	1 900	1 900
C	DC22 Umgungundlovu District Municipality										1 250	1 250	1 000	2 094			3 344	1 250	1 000
Total: Umgungundlovu Municipalities					8 000						13 625	14 150	14 920	16 506			38 131	14 150	14 920
B	KZN235 Okhahlamba										1 825	1 900	1 900	2 934			4 759	1 900	1 900
B	KZN237 KZN237	9 714	4 566								3 450	3 600	3 856	2 328			15 492	8 166	3 856
B	KZN238 KZN238	9 714	4 566								3 450	3 600	3 600	4 906			18 070	8 166	3 600
C	DC23 Uthukela District Municipality										1 460	1 795	1 545	3 169			4 629	1 795	1 545
Total:Uthukela Municipalities		19 428	9 132								10 185	10 895	10 901	13 337			42 950	20 027	10 901
B	KZN241 Endumeni										1 625	1 700	1 955	1 127			2 752	1 700	1 955
B	KZN242 Nqutu										1 825	1 900	1 900	1 337			3 162	1 900	1 900
B	KZN244 Msinga										1 825	1 900	1 900	2 095			3 920	1 900	1 900
B	KZN245 Umvoti										1 725	1 800	2 055	2 373			4 098	1 800	2 055
C	DC24 Umzinyathi District Municipality										1 250	1 250	1 505	2 350			3 600	1 250	1 505
Total: Umzinyathi Municipalities											8 250	8 850	9 315	9 282			17 532	8 850	9 315
B	KZN252 Newcastle				8 000	5 000					1 625	1 700	1 700	3 173			4 798	9 700	6 700
B	KZN253 Emadlangeni										1 825	1 900	2 155	1 284			3 109	1 900	2 155
B	KZN254 Dambauser										1 825	1 900	1 900	1 119			2 944	1 900	1 900
C	DC25 Amajuba District Municipality										1 500	1 500	1 755	1 497			2 997	1 500	1 755
Total: Amajuba Municipalities					8 000	5 000					6 775	7 000	7 510	7 073			13 848	15 000	12 510
B	KZN261 eDumbe										1 825	1 900	2 155	1 000			2 825	1 900	2 155
B	KZN262 uPhongolo										1 825	1 900	2 155	3 021			4 846	1 900	2 155
B	KZN263 Abaqulusi										1 625	1 700	1 955	1 398			3 023	1 700	1 955
B	KZN265 Nongoma										1 825	1 900	2 155	1 102			2 927	1 900	2 155
B	KZN266 Ulundi										1 725	1 800	2 055	1 000			2 725	1 800	2 055
C	DC26 Zululand District Municipality										1 250	1 250	1 000	3 624			4 874	1 250	1 000
Total: Zululand Municipalities											10 075	10 450	11 475	11 145			21 220	10 450	11 475
B	KZN271 Umhlabuyalingana										1 825	1 900	1 900	2 277			4 102	1 900	1 900
B	KZN272 Jozini										1 825	1 900	2 155	3 338			5 163	1 900	2 155
B	KZN275 Mthububa					5 000					1 825	1 900	2 155	1 408			3 233	6 900	2 155
B	KZN276 KZN276	9 714	4 566								3 650	3 800	4 056	3 545			16 909	8 366	4 056
C	DC27 Umkhanyakude District Municipality										1 250	1 250	1 000	1 293			2 543	1 250	1 000
Total: Umkhanyakude Municipalities		9 714	4 566			5 000					10 375	10 750	11 266	11 861			31 950	20 316	11 266
B	KZN281 Mfolozi										1 825	1 900	1 900	1 649			3 474	1 900	1 900
B	KZN282 KZN282	7 286	3 424					6 500	6 500	6 500	2 537	2 650	2 650	5 061			21 384	12 574	9 150
B	KZN284 uMlalazi										1 625	1 700	1 955	2 924			4 549	1 700	1 955
B	KZN285 KZN285	7 286	3 424								2 738	2 850	2 850	2 161			12 185	6 274	2 850
B	KZN286 Nkandla										1 825	1 900	2 155	2 149			3 974	1 900	2 155
C	DC28 Uthungulu District Municipality										1 250	1 250	1 000	5 466			6 716	1 250	1 000
Total: Uthungulu Municipalities		14 572	6 848					6 500	6 500	6 500	11 800	12 250	12 510	19 410			52 282	25 598	19 010
B	KZN291 Mandeni										1 825	1 900	1 900	2 055			3 880	1 900	1 900
B	KZN292 KwaDukuza										1 725	1 800	1 800	1 285			3 010	1 800	1 800
B	KZN293 Ndwedwe										1 825	1 900	2 155	1 791			3 616	1 900	2 155
B	KZN294 Maphumulo										1 825	1 900	1 900	1 261			3 086	1 900	1 900
C	DC29 iLembe District Municipality										1 250	1 250	1 000	1 850			3 100	1 250	1 000
Total: iLembe Municipalities											8 450	8 750	8 755	8 242			16 692	8 750	8 755
B	KZN433 Greater Kokstad					6 000					1 725	1 800	1 800	1 619			3 344	7 800	1 800
B	KZN434 Ubuhlebezwe										1 825	1 900	2 155	1 985			3 810	1 900	2 155
B	KZN435 Umzimkhulu										1 825	1 900	1 900	1 299			3 124	1 900	1 900
B	KZN436 KZN436	9 714	4 566								3 650	3 800	4 056	2 191			15 555	8 366	4 056
C	DC43 Harry Gwala District Municipality										1 250	1 250	1 000	3 364			12 614	1 250	1 000
Total: Harry Gwala Municipalities		9 714	4 566			6 000					10 275	10 650	10 911	10 458			38 447	21 216	10 911
Total: KwaZulu-Natal Municipalities		72 856	34 244		16 000	35 000	15 000	35 000	33 500	33 200	103 255	107 935	112 514	165 490			392 601	210 679	160 714

ANNEXURE W4
SPECIFIC PURPOSE GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 5, PART B AND SCHEDULE 7, PART B): CURRENT GRANTS

Category Municipality		Municipal Demarcation Transition Grant			Energy Efficiency and Demand Side Management Grant			Infrastructure Skills Development Grant			Local Government Financial Management Grant			Expanded Public Works Programme Integrated Grant for Municipalities			SUB-TOTAL: CURRENT ¹		
		National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year		
		2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)
LIMPOPO																			
B	LIM331 Greater Giyani										1 810	2 145	2 145	1 158			2 968	2 145	2 145
B	LIM332 Greater Letaba										1 810	2 145	2 145	1 405			3 215	2 145	2 145
B	LIM333 Greater Tzaneen				7 000	5 000	5 000				1 810	2 145	2 145	1 949			10 759	7 145	7 145
B	LIM334 Ba-Phalaborwa										1 810	2 145	2 400	1 000			2 810	2 145	2 400
B	LIM335 Maruleng										1 825	1 900	1 900	1 000			2 825	1 900	1 900
C	DC33 Mopani District Municipality										1 460	1 795	2 050	1 943			3 403	1 795	2 050
Total: Mopani Municipalities					7 000	5 000	5 000				10 825	12 275	12 785	8 455			25 980	17 275	17 785
B	LIM341 LIM341	6 714	2 282								1 825	1 900	1 900	1 879			10 418	4 182	1 900
B	LIM343 LIM342	6 714	2 282		8 000		10 000				1 625	1 700	1 700	2 986			19 325	3 982	11 700
B	LIM344 Makhado	6 714	2 282		5 625	5 000	5 000				1 625	1 700	1 700	1 281			15 245	8 982	6 700
B	LIM345 LIM345	20 143	6 847								2 010	2 345	2 345				22 153	9 192	2 345
C	DC34 Vhembe District Municipality							2 855	3 200	4 000	1 460	1 795	2 050	3 462			7 777	4 995	6 050
Total: Vhembe Municipalities		40 285	13 693		13 625	5 000	15 000	2 855	3 200	4 000	8 545	9 440	9 695	9 608			74 918	31 333	28 695
B	LIM351 LIM351	8 952	3 044								2 433	2 533	2 533	1 808			13 193	5 577	2 533
B	LIM353 LIM353	8 952	3 044								2 233	2 333	2 588	1 382			12 567	5 377	2 588
B	LIM354 LIM354	8 952	3 044					6 000	6 213	6 500	2 619	2 979	3 234	5 975			23 546	12 236	9 734
B	LIM355 Lepelle-Nkumpi										1 810	2 145	2 145	1 295			3 105	2 145	2 145
C	DC35 Capricorn District Municipality										1 250	1 250	1 000	2 922			4 172	1 250	1 000
Total: Capricorn Municipalities		26 856	9 132					6 000	6 213	6 500	10 345	11 240	11 500	13 382			56 583	26 585	18 000
B	LIM361 Thabazimbi					5 000	5 000				1 810	2 145	2 400	2 070			3 880	7 145	7 400
B	LIM362 Lephalale										1 625	1 700	1 700	1 215			2 840	1 700	1 700
B	LIM366 Bela-Bela										1 625	1 700	1 700	1 082			2 707	1 700	1 700
B	LIM367 Mogalakwena				5 000						1 625	1 700	1 955	2 073			8 698	1 700	1 955
B	LIM368 LIM368	13 428	4 566								3 635	4 045	4 301	2 302			19 365	8 611	4 301
C	DC36 Waterberg District Municipality										1 250	1 250	1 000	1 102			2 352	1 250	1 000
Total: Waterberg Municipalities		13 428	4 566		5 000	5 000	5 000				11 570	12 540	13 056	9 844			39 842	22 106	18 056
B	LIM471 Ephraim Mogale										1 810	2 145	2 400	1 258			3 068	2 145	2 400
B	LIM472 Elias Moseoleli										1 625	1 700	1 955	1 095			2 720	1 700	1 955
B	LIM473 Makaditshame										1 625	1 700	1 955	1 505			3 130	1 700	1 955
B	LIM476 LIM476	13 428	4 566								3 635	4 045	4 301	2 121			19 184	8 611	4 301
C	DC47 Sekhukhune District Municipality										1 250	1 250	1 505	1 539			2 789	1 250	1 505
Total: Sekhukhune Municipalities		13 428	4 566								9 945	10 840	12 116	7 518			30 891	15 406	12 116
Total: Limpopo Municipalities		93 997	31 957		25 625	15 000	25 000	8 855	9 413	10 500	50 930	56 335	59 152	48 807			228 214	112 705	94 652
MPUMALANGA																			
B	MP301 Albert Luthuli										1 625	1 700	1 700	3 304			4 929	1 700	1 700
B	MP302 Msukaligwa										1 810	2 145	2 400	1 376			3 186	2 145	2 400
B	MP303 Mkhondo										1 810	2 145	2 400	2 452			4 262	2 145	2 400
B	MP304 Pixley Ka Seme										1 625	1 700	1 955	1 702			3 327	1 700	1 955
B	MP305 Lekwa										1 625	1 700	1 955	1 012			2 637	1 700	1 955
B	MP306 Dipaleseng										1 825	1 900	2 155	1 510			3 335	1 900	2 155
B	MP307 Govan Mbeki				5 000			14 000	23 000	25 039	1 625	1 700	1 955	2 568			18 193	29 700	26 994
C	DC30 Gert Sibande District Municipality							5 500	5 500	5 500	1 250	1 250	1 000	3 113			9 863	6 750	6 500
Total: Gert Sibande Municipalities					5 000			19 500	28 500	30 539	13 195	14 240	15 520	17 037			49 732	47 740	46 059
B	MP311 Victor Khanye				8 000						1 625	1 700	1 955	2 040			11 665	1 700	1 955
B	MP312 Emalahleni					5 000					1 810	2 145	2 400	2 891			4 701	7 145	2 400
B	MP313 Steve Tshwete										1 625	1 700	1 700	2 103			3 728	1 700	1 700
B	MP314 Emakuzeni										1 825	1 900	2 155	1 217			3 042	1 900	2 155
B	MP315 Thembeile Hani										1 625	1 700	1 955	2 244			3 869	1 700	1 955
B	MP316 Dr JS Moroka										1 625	1 700	1 955	4 257			5 882	1 700	1 955
C	DC31 Nkangala District Municipality										1 250	1 250	1 000	2 318			3 568	1 250	1 000
Total: Nkangala Municipalities					8 000	5 000					11 385	12 095	13 120	17 070			36 455	17 095	13 120
B	MP321 Thaba Chweu										1 810	2 145	2 400	1 683			3 493	2 145	2 400
B	MP324 Nkomazi										1 625	1 700	1 955	5 917			7 542	1 700	1 955
B	MP325 Bushbuckridge										1 810	2 145	2 400	3 780			5 590	2 145	2 400
B	MP326 MP326	13 428	4 566		10 000		5 000				3 250	3 400	3 656	5 686			32 364	7 966	8 656
C	DC32 Ehlanzeni District Municipality										1 500	1 500	1 250	2 274			3 774	1 500	1 250
Total: Ehlanzeni Municipalities		13 428	4 566		10 000		5 000				9 995	10 890	11 661	19 340			52 763	15 456	16 661
Total: Mpumalanga Municipalities		13 428	4 566		18 000	10 000	5 000	19 500	28 500	30 539	34 575	37 225	40 301	53 447			138 950	80 291	75 840

ANNEXURE W4
SPECIFIC PURPOSE GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 5, PART B AND SCHEDULE 7, PART B): CURRENT GRANTS

		Municipal Demarcation Transition Grant			Energy Efficiency and Demand Side Management Grant			Infrastructure Skills Development Grant			Local Government Financial Management Grant			Expanded Public Works Programme Integrated Grant for Municipalities			SUB-TOTAL: CURRENT ¹		
		National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year		
Category	Municipality	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)
NORTHERN CAPE																			
B	NC061 Richtersveld										1 825	1 900	2 155	1 000			2 825	1 900	2 155
B	NC062 Nama Khoi										1 810	2 145	2 400	1 000			2 810	2 145	2 400
B	NC064 Kamiesberg										2 010	2 345	2 600	1 000			3 010	2 345	2 600
B	NC065 Hantam										1 825	1 900	2 155	1 127			2 952	1 900	2 155
B	NC066 Karoo Hoogland										1 825	1 900	2 155	1 000			2 825	1 900	2 155
B	NC067 Khai-Ma										1 825	1 900	2 155	1 000			2 825	1 900	2 155
C	DC6 Namakwa District Municipality										1 250	1 250	1 505	1 000			2 250	1 250	1 505
Total: Namakwa Municipalities											12 370	13 340	15 125	7 127			19 497	13 340	15 125
B	NC071 Ubantu										1 825	1 900	2 155	1 000			2 825	1 900	2 155
B	NC072 Umsobomvu				8 000	10 000	5 000				1 825	1 900	2 155	1 000			10 825	11 900	7 155
B	NC073 Emthajeni										1 625	1 700	1 700	1 000			2 625	1 700	1 700
B	NC074 Kareeberg										1 825	1 900	2 155	1 000			2 825	1 900	2 155
B	NC075 Renosterberg										2 010	2 345	2 600	1 000			3 010	2 345	2 600
B	NC076 Thembelille										2 010	2 345	2 600	1 000			3 010	2 345	2 600
B	NC077 Siyathemba										2 010	2 345	2 600	1 000			3 010	2 345	2 600
B	NC078 Siyancuma										2 010	2 345	2 600	1 000			3 010	2 345	2 600
C	DC7 Pixley Ka Seme District Municipality										1 250	1 250	1 505	1 000			2 250	1 250	1 505
Total: Pixley Ka Seme Municipalities					8 000	10 000	5 000				16 390	18 030	20 070	9 000			33 390	28 030	25 070
B	NC082 !Kai !Garib										2 010	2 345	2 600	1 000			6 010	2 345	2 600
B	NC084 !Kheis				3 000		5 000				2 010	2 345	2 600	1 000			3 010	7 345	7 600
B	NC085 Tsantsabane										2 010	2 345	2 600	1 000			3 010	2 345	2 600
B	NC086 Kgatelopele										2 010	2 345	2 600	1 000			3 010	2 345	2 600
B	NC087 NC087	13 429	4 565		7 000	5 000					3 635	4 045	4 301	2 000			26 064	13 610	4 301
C	DC8 Z.F. Mgcawu District Municipality										1 250	1 250	1 000	1 000			2 250	1 250	1 000
Total: Siyanda Municipalities		13 429	4 565		10 000	10 000	5 000				12 925	14 675	15 701	7 000			43 354	29 240	20 701
B	NC091 Sol Plaatje							3 700	4 000	4 500	1 625	1 700	1 700	5 574			10 899	5 700	6 200
B	NC092 Dikgatlong										2 010	2 345	2 600	1 000			3 010	2 345	2 600
B	NC093 Magareng										1 825	1 900	2 155	1 000			2 825	1 900	2 155
B	NC094 Phokwane										1 810	2 145	2 400	1 037			2 847	2 145	2 400
C	DC9 Frances Baard District Municipality										1 250	1 250	1 000	1 000			2 250	1 250	1 000
Total: Frances Baard Municipalities								3 700	4 000	4 500	8 520	9 340	9 855	9 611			21 831	13 340	14 355
B	NC451 Joe Morolong										1 810	2 145	2 400	1 050			2 860	2 145	2 400
B	NC452 Ga-Segonyana										1 810	2 145	2 400	1 000			2 810	2 145	2 400
B	NC453 Gamagara										1 625	1 700	1 955	1 000			2 625	1 700	1 955
C	DC45 John Taolo Gaetsewe District Municipality							3 000	3 200	3 500	1 250	1 250	1 000	1 000			5 250	4 450	4 500
Total: John Taolo Gaetsewe Municipalities								3 000	3 200	3 500	6 495	7 240	7 755	4 050			13 545	10 440	11 255
Total: Northern Cape Municipalities		13 429	4 565		18 000	20 000	10 000	6 700	7 200	8 000	56 700	62 625	68 506	36 788			131 617	94 390	86 506
NORTH WEST																			
B	NW371 Moretele										1 810	2 145	2 400	4 228			6 038	2 145	2 400
B	NW372 Madibeng										1 625	1 700	1 955	1 545			3 170	1 700	1 955
B	NW373 Rustenburg						5 000				1 625	1 700	1 700	4 219			5 844	1 700	6 700
B	NW374 Kgatellengrivier						10 000				2 010	2 345	2 600	1 737			3 747	12 345	2 600
B	NW375 Moses Kotane										1 625	1 700	1 700	2 735			4 360	1 700	1 700
C	DC37 Bojanala Platinum District Municipality				5 000	10 000	15 000				1 250	1 250	1 000	1 557			7 807	1 250	11 000
Total: Bojanala Platinum Municipalities					5 000	10 000	15 000				9 945	10 840	11 355	16 021			30 966	20 840	26 355
B	NW381 Ratlou										1 825	1 900	1 900	1 433			3 258	1 900	1 900
B	NW382 Tswaing										2 010	2 345	2 600	1 330			3 340	2 345	2 600
B	NW383 Mafikeng						10 000				1 810	2 145	2 400	3 672			5 482	12 145	7 400
B	NW384 Ditsobotla										1 810	2 145	2 400	1 038			2 848	2 145	2 400
B	NW385 Ramotshere Moiloa										1 810	2 145	2 400	1 004			2 914	2 145	2 400
C	DC38 Ngaka Modiri Molema District Municipality										1 460	1 795	2 050	1 601			3 061	1 795	2 050
Total: Ngaka Modiri Molema Municipalities						10 000	5 000				10 725	12 475	13 750	10 178			20 903	22 475	18 750
B	NW392 Naledi										1 625	1 700	1 955	1 884			3 509	1 700	1 955
B	NW393 Mamusu										2 010	2 345	2 600	1 078			3 088	2 345	2 600
B	NW394 Greater Taung										2 010	2 345	2 600	1 352			3 362	2 345	2 600
B	NW396 Lekwa-Tsemane										1 810	2 145	2 400	1 000			2 810	2 145	2 400
B	NW397 Kagisano-Molopo										2 749	3 076	3 305	1 025			3 774	3 076	3 305
C	DC39 Dr Ruth Segomotsi Mompati District Municipality										1 250	1 250	1 505	2 273			3 523	1 250	1 505
Total: Dr Ruth Segomotsi Mompati Municipalities											11 454	12 861	14 365	8 612			20 066	12 861	14 365
B	NW403 City of Mafosana										1 810	2 145	2 400	1 656			3 466	2 145	2 400
B	NW404 Moqasusi Hills						3 000				1 810	2 145	2 400	1 083			5 893	2 145	7 400
B	NW405 NW405	13 428	4 566				5 000				3 635	4 045	4 301	3 421			20 484	8 611	4 301
C	DC40 Dr Kenneth Kaunda District Municipality										1 250	1 250	1 000	1 479			2 729	1 250	1 000
Total: Dr Kenneth Kaunda Municipalities		13 428	4 566				3 000				8 505	9 585	10 101	7 639			32 572	14 151	15 101
Total: North West Municipalities		13 428	4 566		8 000	20 000	25 000				40 629	45 761	49 571	42 450			104 507	70 327	74 571

ANNEXURE W4
SPECIFIC PURPOSE GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 5, PART B AND SCHEDULE 7, PART B): CURRENT GRANTS

Category Municipality		Municipal Demarcation Transition Grant			Energy Efficiency and Demand Side Management Grant			Infrastructure Skills Development Grant			Local Government Financial Management Grant			Expanded Public Works Programme Integrated Grant for Municipalities			SUB-TOTAL: CURRENT ¹		
		National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year		
		2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)
WESTERN CAPE																			
A	CPT City of Cape Town				15 000	10 000	10 000	9 416	9 300	10 500	1 050	1 050	1 000	31 740			57 206	20 350	21 500
B	WC011 Matzikama										1 475	1 550	1 550	1 119			2 594	1 550	1 550
B	WC012 Cederberg										1 475	1 550	1 805	1 000			2 475	1 550	1 805
B	WC013 Bergrivier										1 475	1 550	1 550	1 141			2 616	1 550	1 550
B	WC014 Saldanha Bay										1 475	1 550	1 550	1 071			2 546	1 550	1 550
B	WC015 Swartland						10 000				1 475	1 550	1 550	1 460			2 935	1 550	11 550
C	DC1 West Coast District Municipality										1 250	1 250	1 000	1 036			2 286	1 250	1 000
Total: West Coast Municipalities							10 000				8 625	9 000	9 005	6 827			15 452	9 000	19 005
B	WC022 Witzenberg										1 475	1 550	1 550	1 336			2 811	1 550	1 550
B	WC023 Drakenstein				5 000		10 000				1 475	1 550	1 550	1 352			7 827	1 550	11 550
B	WC024 Stellenbosch				8 000	10 000	5 000				1 475	1 550	1 550	1 758			11 233	11 550	6 550
B	WC025 Breede Valley				4 000						1 475	1 550	1 550	1 291			6 766	1 550	1 550
B	WC026 Langeberg										1 475	1 550	1 550	1 759			3 234	1 550	1 550
C	DC2 Cape Winelands District Municipality										1 250	1 250	1 000	1 000			2 250	1 250	1 000
Total: Cape Winelands Municipalities					17 000	10 000	15 000				8 625	9 000	8 750	8 496			34 121	19 000	23 750
B	WC031 Theewaterskloof										1 625	1 700	1 700	1 104			2 729	1 700	1 700
B	WC032 Overstrand										1 475	1 550	1 550	1 922			3 397	1 550	1 550
B	WC033 Cape Agulhas										1 475	1 550	1 550	1 210			2 685	1 550	1 550
B	WC034 Swellendam						2 000				1 625	1 700	1 955	1 177			2 802	1 700	3 955
C	DC3 Overberg District Municipality										1 250	1 250	1 000	1 000			2 250	1 250	1 000
Total: Overberg Municipalities							2 000				7 450	7 750	7 755	6 413			13 863	7 750	9 755
B	WC041 Kammanland										1 810	2 145	2 400	1 000			2 810	2 145	2 400
B	WC042 Hessequa										1 475	1 550	1 550	1 088			2 563	1 550	1 550
B	WC043 Mossel Bay						5 000				1 475	1 550	1 550	1 839			3 314	1 550	6 550
B	WC044 George							3 700	4 000	4 500	1 475	1 550	1 550	4 014			9 189	5 550	6 050
B	WC045 Oudshoorn				4 000	5 000					1 475	1 550	1 805	2 448			3 923	5 550	6 805
B	WC047 Bitou										1 475	1 550	1 550	1 869			3 344	1 550	1 550
B	WC048 Knysna										1 475	1 550	1 550	1 292			2 767	1 550	1 550
C	DC4 Eden District Municipality										1 250	1 250	1 000	1 000			2 250	1 250	1 000
Total: Eden Municipalities					4 000	10 000	3 700	4 000	4 500	11 910	12 695	12 955	14 550				30 160	20 695	27 455
B	WC051 Laingsburg					5 000					1 725	1 800	1 800	1 000			2 725	6 800	1 800
B	WC052 Prince Albert										1 625	1 700	1 700	1 000			2 625	1 700	1 700
B	WC053 Beaufort West					5 000	5 000				1 625	1 700	1 700	1 617			3 242	6 700	6 700
C	DC5 Central Karoo District Municipality										1 250	1 250	1 000	1 000			2 250	1 250	1 000
Total: Central Karoo Municipalities						10 000	5 000				6 225	6 450	6 200	4 617			10 842	16 450	11 200
Total: Western Cape Municipalities					32 000	34 000	52 000	13 116	13 300	15 000	43 885	45 945	45 665	72 643			161 644	93 245	112 665
Unallocated				52 900											716 427	757 979	269 922	1 016 708	1 128 576
National Total		297 422	111 856	52 900	185 625	203 236	215 024	130 471	140 774	148 939	465 264	502 006	531 122	663 991	716 427	757 979	2 012 695	1 974 580	2 023 661

¹ Includes unallocated amounts for the Municipal Disaster Grant. This schedule 7 grant is allocated R269.9 million in 2016/17, R300.3 million in 2017/18 and R317.7 million in 2018/19

ANNEXURE W5

INFRASTRUCTURE GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 4, PART B AND SCHEDULE 5, PART B)

(National and Municipal Financial Years)

**ANNEXURE W5
INFRASTRUCTURE GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 4, PART B AND SCHEDULE 5, PART B) 1 OF 2**

		Municipal Infrastructure Grant			Regional Bulk Infrastructure Grant			Water Services Infrastructure Grant			Integrated National Electrification Programme (Municipal) Grant			Rural Roads Asset Management Systems Grant			Municipal Disaster Recovery Grant		
		National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year		
Category	Municipality	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)
EASTERN CAPE																			
A	BUF Buffalo City										25 000	30 000	30 000						
A	NMA Nelson Mandela Bay										35 000	40 000	40 000						
B	EC101	37 623	21 012	22 004							5 000	10 000	15 000						
B	EC102 Blue Crane Route	13 666	15 154								5 000	10 000	15 000						
B	EC104 Makana	36 288	24 901	26 134							4 000	8 000	10 000						
B	EC105 Ndlambe	26 054	27 872	29 289							5 500	9 000	10 000						
B	EC106 Sundays River Valley	24 446	26 145	27 456							9 000	15 000	20 000						
B	EC108 Kouga	30 326	32 463	34 165							6 000	10 000	15 000						
B	EC109 Kou-Kamma	14 694	15 665	16 326								4 000	4 000						
C	DC10 Sarah Baartman District Municipality													2 261	2 374	2 515			
Total: Sarah Baartman Municipalities		183 097	162 619	170 528							34 500	66 000	89 000	2 261	2 374	2 515			
B	EC121 Mbhashe	55 745	61 414	64 910							17 000	25 000	30 000						
B	EC122 Mquma	59 727	64 099	67 762							5 000	28 870	35 000						
B	EC123 Great Kei	12 072	11 415	11 812							4 000	5 000	7 000						
B	EC124 Amahlathi	30 147	28 737	30 208							5 000								
B	EC126 Ngqushwa	21 854	22 957	24 069							5 000								
B	EC129	39 969	40 118	42 295							5 000	5 000	9 000						
C	DC12 Amathole District Municipality	412 736	445 310	472 598				119 190	164 982	146 000				2 806	2 980	3 121			
Total: Amathole Municipalities		632 250	674 050	713 654				119 190	164 982	146 000	40 000	63 870	81 000	2 806	2 980	3 121			
B	EC131 Inxuba Yethemba	15 369	16 391	17 097							9 000	10 000	10 000						
B	EC135 Intsika Yethu	39 895	44 003	46 420							16 500	25 000	30 000						
B	EC136 Emalahleni	31 758	34 262	36 075							9 317	5 000							
B	EC137 Engcobo	50 431	39 392	41 524							30 000	20 000	30 000						
B	EC138 Sakhisizwe	17 539	18 541	19 380							2 000								
B	EC139	56 668	55 382	58 505							5 000	8 000	12 000						
C	DC13 Chris Hani District Municipality	271 423	299 853	318 127	207 815	128 545	82 638	101 597	168 639	157 264				3 097	3 286	3 427			
Total: Chris Hani Municipalities		483 083	507 824	537 128	207 815	128 545	82 638	101 597	168 639	157 264	71 817	68 000	82 000	3 097	3 286	3 427			
B	EC141 Elandini	37 250	39 826	41 984							14 500	20 000	20 000						
B	EC142 Senqu	36 728	39 351	41 480							3 000								
B	EC145	21 552	19 231	20 113							5 000								
C	DC14 Joe Gqabi District Municipality	151 602	163 314	173 125	12 945	53 546	56 512	71 828	84 400	123 400				2 136	2 277	2 418			
Total: Joe Gqabi Municipalities		247 132	261 722	276 702	12 945	53 546	56 512	71 828	84 400	123 400	22 500	20 000	20 000	2 136	2 277	2 418			
B	EC153 Ngquzu Hill	52 025	55 786	58 934							7 032	12 000	15 000						
B	EC154 Port St Johns	32 781	35 104	36 970							20 000	25 000	20 000						
B	EC155 Nyandeni	58 050	62 288	65 838							9 000	15 000	20 000						
B	EC156 Mthonto	41 660	45 265	47 761							12 500	18 000	20 000						
B	EC157 King Sabata Dalindyebo	82 213	88 381	93 548							25 000	15 000	15 000						
C	DC15 O.R. Tambo District Municipality	609 009	657 360	697 790	343 183	387 015	385 850	109 739	109 837	100 000	73 532	85 000	90 000	2 773	2 946	3 087			
Total: O.R. Tambo Municipalities		875 828	944 184	1 000 841	343 183	387 015	385 850	109 739	109 837	100 000	73 532	85 000	90 000	2 773	2 946	3 087			
B	EC441 Matatiele	47 012	50 400	53 213							80 000	80 000	80 000						
B	EC442 Unzimvubu	44 261	47 482	50 114							15 000	30 000	30 000						
B	EC443 Mthatha	46 159	49 483	52 240							25 000	25 000	30 000						
B	EC444 Ntabankulu	35 960	27 738	29 147							40 000	50 000	59 000						
C	DC44 Alfred Nzo District Municipality	361 497	389 977	413 836				101 171	151 741	105 000				2 157	2 299	2 440			
Total: Alfred Nzo Municipalities		534 889	565 080	598 550				101 171	151 741	105 000	160 000	185 000	199 000	2 157	2 299	2 440			
Total: Eastern Cape Municipalities		2 956 279	3 115 479	3 297 403	563 943	569 106	525 000	503 525	679 599	631 664	462 349	557 870	631 000	15 230	16 162	17 008			

**ANNEXURE W5
INFRASTRUCTURE GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 4, PART B AND SCHEDULE 5, PART B) 1 OF 2**

Category		Municipal Infrastructure Grant			Regional Bulk Infrastructure Grant			Water Services Infrastructure Grant			Integrated National Electrification Programme (Municipal) Grant			Rural Roads Asset Management Systems Grant			Municipal Disaster Recovery Grant		
		National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year		
		2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)
FREE STATE																			
A	MAN Manguang										8 500	25 000	25 000						
B	FS161 Letsemeng	16 635	17 754	18 544				55 000	65 000	70 000									
B	FS162 Kopanong	19 977	21 346	22 360				25 702	45 000	65 000	5 000	2 000	5 000						
B	FS163 Mokokare	28 429	18 606	19 450		23 000	13 436	30 265	42 500	48 500			5 000						
C	DC16 Xhariep District Municipality													1 961	2 059	2 200			
Total: Xhariep Municipalities		65 041	57 706	60 354		23 000	13 436	110 967	152 500	183 500	5 000	2 000	10 000	1 961	2 059	2 200			
B	FS181 Masilonyana	22 500	23 898	25 069															
B	FS182 Tokologo	25 798	16 852	17 587		30 000	37 000					3 000	9 000						
B	FS183 Tswelopele	15 736	16 785	17 515															
B	FS184 Matjhabeng	113 363	122 020	129 272															
B	FS185 Nala	28 299	30 283	31 849							5 000	8 000	12 000						
C	DC18 Lejweleputswa District Municipality													2 185	2 294	2 435			
Total: Lejweleputswa Municipalities		205 696	209 838	221 292		30 000	37 000				5 000	14 000	29 000	2 185	2 294	2 435			
B	FS191 Setsooto	45 091	48 294	50 977	30 716	45 000					6 000	2 000	5 500						
B	FS192 Dikhalabeng	36 892	39 518	41 657		55 000					9 000		7 000						
B	FS193 Nketoana	24 218	25 899	27 194		55 000													
B	FS194 Mahuti-a-Phofung	154 870	166 843	176 873	26 658	42 000	20 000				3 000	10 000	20 000						
B	FS195 Phumelela	20 090	21 463	22 484															
B	FS196 Mantsopa	19 061	20 358	21 310							2 000	4 200	7 000						
C	DC19 Thabo Mofutsanyana District Municipality													2 307	2 422	2 563			
Total: Thabo Mofutsanyana Municipalities		300 222	322 375	340 495	30 716	71 658	152 000	20 000			20 000	26 200	49 500	2 307	2 422	2 563			
B	FS201 Moqhaka	38 349	41 088	43 324							7 000	3 000	9 000						
B	FS203 Ngwathe	40 070	42 927	45 277							9 850	4 000	9 000						
B	FS204 Memsamaholo	42 623	45 677	48 198							18 000	15 000	13 000						
B	FS205 Maifube	21 422	22 895	24 004							6 000	7 000	12 000						
C	DC20 Fezile Dabi District Municipality													2 119	2 225	2 366			
Total: Fezile Dabi Municipalities		142 464	152 587	160 803							40 850	29 000	43 000	2 119	2 225	2 366			
Total: Free State Municipalities		713 423	742 506	782 944	30 716	124 658	202 436	130 967	152 500	183 500	79 350	96 200	156 500	8 572	9 000	9 564			
GAUTENG																			
A	EKU Ekurhuleni										40 000	40 000	30 000						
A	JHB City of Johannesburg										40 000	40 000	30 000						
A	TSH City of Tshwane										40 000	40 000	45 000						
B	GT421 Emfuleni	160 763	173 207	183 632							4 000	8 000	15 000						
B	GT422 Midvaal	30 339	32 478	34 181							9 000	9 000	12 000						
B	GT423 Lesedi	25 204	26 957	28 318							6 000	10 000	15 000						
C	DC42 Sediberg District Municipality													2 350	2 467	2 608			
Total: Sediberg Municipalities		216 306	232 642	246 131							19 000	27 000	42 000	2 350	2 467	2 608			
B	GT481 Mogale City	97 514	104 905	111 097				20 000	35 000	30 000									
B	GT484 Merafong City	55 283	59 300	62 666				20 000	20 000	30 000	15 000	16 000	20 000						
B	GT485 GT485	87 498	82 668	87 481				30 000	45 000	65 000	17 000	17 000	20 000						
C	DC48 West Rand District Municipality													2 484	2 608	2 749			
Total: West Rand Municipalities		240 295	246 873	261 244				70 000	100 000	125 000	32 000	33 000	40 000	2 484	2 608	2 749			
Total: Gauteng Municipalities		456 601	479 515	507 375				70 000	100 000	125 000	171 000	180 000	187 000	4 834	5 075	5 357			

ANNEXURE W5
INFRASTRUCTURE GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 4, PART B AND SCHEDULE 5, PART B) 1 OF 2

Category		Municipality		Municipal Infrastructure Grant			Regional Bulk Infrastructure Grant			Water Services Infrastructure Grant			Integrated National Electrification Programme (Municipal) Grant			Rural Roads Asset Management Systems Grant			Municipal Disaster Recovery Grant		
				National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year		
				2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)
KWAZULU-NATAL																					
A		ETH	eThekweni										31 000	31 500	35 000						
B	KZN212	KZN212	35 870	31 342	32 975								8 000	8 000	11 000				30 000		
B	KZN213	Umzumbe	32 622	34 829	36 677								9 000	10 000	10 000				10 000		
B	KZN214	uMuziwabantu	22 275	23 814	24 980																
B	KZN216	KZN216	60 156	63 013	66 609								7 000	9 000	10 000						
C	DC21	Ugu District Municipality	233 873	251 610	266 894	12 776			73 213	130 372	145 000					2 510	2 670	2 811			
Total: Ugu Municipalities			384 796	404 608	428 135	12 776			73 213	130 372	145 000		24 000	27 000	31 000	2 510	2 670	2 811	40 000		
B	KZN221	uMshwathi	26 329	28 175	29 612								5 000	10 000	10 000						
B	KZN222	uMngeni	21 866	23 506	24 653								6 000	7 000	7 000						
B	KZN223	Mpofana	11 680	12 213	12 660								8 000	8 000	8 000						
B	KZN224	Impendle	11 382	11 892	12 320								8 000	15 000	10 000						
B	KZN225	Msunduzi	190 617	206 752	219 256			36 721	38 191	65 000			8 000	10 000	10 000						
B	KZN226	Mkhambathini	15 626	16 363	17 067								10 000	10 000	8 000						
B	KZN227	Richmond	32 659	18 790	19 644								9 000	12 000	12 000						
C	DC22	Umqungullovu District Municipality	99 630	107 189	113 523				50 235	62 998	122 700					2 384	2 537	2 678			
Total: Umqungullovu Municipalities			409 789	424 880	448 735				86 956	101 189	187 700		54 000	72 000	58 000	2 384	2 537	2 678			
B	KZN235	Okhahlamba	27 014	28 907	30 388								11 500								
B	KZN237	KZN237	38 547	38 506	40 582								10 000	9 000	10 000						
B	KZN238	KZN238	60 353	63 148	66 752								10 000	6 000	10 000				50 000		
C	DC23	Uthukela District Municipality	178 506	192 367	203 979	80 000	102 419	197 906	81 807	152 500	93 000					2 378	2 531	2 672			
Total: Uthukela Municipalities			304 420	322 928	341 701	80 000	102 419	197 906	81 807	152 500	93 000		31 500	15 000	20 000	2 378	2 531	2 672	50 000		
B	KZN241	Endumeni	14 517	15 474	16 123								10 000	10 000	14 000						
B	KZN242	Nqutu	29 778	31 876	33 541								18 000	21 000	23 000						
B	KZN244	Msinga	35 800	38 261	40 322								25 000	25 000	23 000						
B	KZN245	Umvoti	26 311	30 444	32 020								25 000	25 000	17 000						
C	DC24	Umzimvathi District Municipality	181 064	196 181	208 030	106 377	79 205	145 362	84 111	139 764	108 000					2 183	2 326	2 467			
Total: Umzimvathi Municipalities			287 470	312 236	330 036	106 377	79 205	145 362	84 111	139 764	108 000		78 000	81 000	77 000	2 183	2 326	2 467			
B	KZN252	Newcastle	109 214	117 539	124 514				40 613	45 000	55 000		7 000	8 000	10 000						
B	KZN253	Emadlangeni	8 913	9 454	9 730								9 000	10 000	15 000						
B	KZN254	Darnhauser	20 698	22 199	23 265																
C	DC25	Amajuba District Municipality	39 577	42 664	44 998				49 400	44 500	78 000					2 064	2 201	2 342			
Total: Amajuba Municipalities			178 402	191 856	202 507				90 013	89 500	133 000		16 000	18 000	25 000	2 064	2 201	2 342			
B	KZN261	eDumbe	17 221	18 384	19 213								18 000	21 000	15 000						
B	KZN262	uPhongolo	42 136	28 905	30 386								18 000	13 000	15 000						
B	KZN263	Abaqulusi	35 078	37 966	40 009								20 000	20 000	20 000						
B	KZN265	Nongoma	30 417	32 567	34 276								14 000	12 000	15 000						
B	KZN266	Uthuli	29 492	31 570	33 217								25 000	15 000	10 000						
C	DC26	Zululand District Municipality	218 314	235 355	249 631	108 011	60 322	23 200	109 071	133 633	104 000					2 229	2 375	2 516			
Total: Zululand Municipalities			372 658	384 747	406 732	108 011	60 322	23 200	109 071	133 633	104 000		95 000	81 000	75 000	2 229	2 375	2 516			
B	KZN271	Umhlabuyalingana	33 325	35 692	37 594								20 000	15 000	18 000						
B	KZN272	Jozini	35 689	38 231	40 291								18 000	15 000	18 000						
B	KZN275	Mthabatha	30 303	32 442	34 142								14 000	13 000	10 000						
B	KZN276	KZN276	23 800	21 780	22 820								20 000	23 000	20 000						
C	DC27	Umkhanyakude District Municipality	207 522	223 701	237 255				70 371	55 953	102 000					2 516	2 676	2 817			
Total: Umkhanyakude Municipalities			330 639	351 846	372 102				70 371	55 953	102 000		72 000	66 000	66 000	2 516	2 676	2 817			
B	KZN281	Mfolozi	24 049	26 773	28 122								8 000	10 000	11 000						
B	KZN282	KZN282	99 817	111 845	118 467				50 921	64 537	86 000			10 000	12 000						
B	KZN284	uMalazi	38 539	41 295	43 544								8 000	8 000	10 000						
B	KZN285	KZN285	18 899	18 370	19 199								8 500	8 000	10 000						
B	KZN286	Nkandla	21 795	23 295	24 429								18 000	25 000	15 000						
C	DC28	uThungulu District Municipality	165 170	177 966	188 685	211 224	173 602	182 527	85 369	115 500	73 000					2 379	2 532	2 673			
Total: Uthungulu Municipalities			368 269	399 544	422 446	211 224	173 602	182 527	136 290	180 037	159 000		42 500	61 000	58 000	2 379	2 532	2 673			
B	KZN291	Mandeni	33 757	36 154	38 085								10 000	15 000	18 000						
B	KZN292	KwaDukuza	49 330	52 891	55 859								10 000	13 000	10 000						
B	KZN293	Ndwedwe	28 451	30 450	32 027								8 000	9 000	12 000						
B	KZN294	Maphumulo	21 301	22 768	23 809								15 100	13 000	15 000						
C	DC29	iLembe District Municipality	186 984	201 522	213 702		130 000		62 500	99 500	107 105					2 174	2 317	2 458			
Total: iLembe Municipalities			319 823	343 785	363 542		130 000		62 500	99 500	107 105		43 100	50 000	55 000	2 174	2 317	2 458			
B	KZN433	Greater Kokstad	31 525	17 637	18 420																
B	KZN434	Ushalebezwe	24 057	27 484	28 878								30 000	31 000	25 000						
B	KZN435	Umzimkhulu	41 399	44 366	46 805								25 000	10 000	20 000						
B	KZN436	KZN436	29 513	27 722	29 130								12 000	15 000	15 000						
C	DC43	Harry Gwala District Municipality	191 067	208 865	221 499	60 000	100 000	38 718	86 118	98 000	118 400					2 095	2 234	2 375			
Total: Harry Gwala Municipalities			317 561	326 074	344 732	60 000	100 000	38 718	86 118	98 000	118 400		67 000	56 000	60 000	2 095	2 234	2 375			
Total: KwaZulu-Natal Municipalities			3 273 827	3 462 504	3 660 668	578 388	645 548	587 713	880 450	1 180 448	1 257 205		554 100	558 500	560 000	22 912	24 399	25 809	90 000		

**ANNEXURE W5
INFRASTRUCTURE GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 4, PART B AND SCHEDULE 5, PART B) 1 OF 2**

Category		Municipality	Municipal Infrastructure Grant			Regional Bulk Infrastructure Grant			Water Services Infrastructure Grant			Integrated National Electrification Programme (Municipal) Grant			Rural Roads Asset Management Systems Grant			Municipal Disaster Recovery Grant		
			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year		
			2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)
LIMPOPO																				
B	LIM331	Greater Giyani	57 902	62 128	65 668							7 000	10 000	5 000						
B	LIM332	Greater Letaba	54 976	58 969	62 313							7 000								
B	LIM333	Greater Tzaneen	89 797	96 571	102 246							25 000	20 000	25 000						
B	LIM334	Ba-Phalaborwa	30 568	32 725	34 444								3 000	4 000						
B	LIM335	Maruleng	25 418	27 377	28 763															
C	DC33	Mopani District Municipality	438 907	473 571	502 611				109 288	153 000	177 000				2 049	2 186	2 327			
Total: Mopani Municipalities			697 568	751 341	796 045				109 288	153 000	177 000	39 000	33 000	34 000	2 049	2 186	2 327			
B	LIM341	LIM341	35 814	29 637	31 164							3 000								
B	LIM343	LIM343	94 661	101 824	107 824							42 000	40 000	40 000						
B	LIM344	Makhado	85 346	91 765	97 142							16 000	22 000	25 000						
B	LIM345	LIM345	88 177	84 023	88 920							3 000	7 000	8 000						
C	DC34	Vhembe District Municipality	497 287	536 615	569 562				108 000	166 500	184 000				1 993	2 127	2 268			
Total: Vhembe Municipalities			801 285	843 864	894 612				108 000	166 500	184 000	64 000	69 000	73 000	1 993	2 127	2 268			
B	LIM351	LIM351	44 381	45 367	47 869							9 000	7 000	7 000						
B	LIM353	LIM353	42 642	35 930	37 847							1 204	4 000	3 000						
B	LIM354	LIM354	299 943	352 023	373 529	180 159	172 264	249 050				45 000	40 000	40 000						
B	LIM355	Lepelle-Nkumpi	51 466	55 343	58 463															
C	DC35	Capricorn District Municipality	243 872	240 225	254 803				102 800	125 542	133 000				2 247	2 394	2 535			
Total: Capricorn Municipalities			682 304	728 888	772 511	180 159	172 264	249 050	102 800	125 542	133 000	55 204	51 000	50 000	2 247	2 394	2 535			
B	LIM361	Thabazimbi	28 714	30 736	32 331				20 000	42 000	45 000									
B	LIM362	Lephalele	36 355	40 706	42 918				21 000	37 000	40 000	7 000								
B	LIM366	Bela-Bela	22 571	24 130	25 316				30 000	26 000	55 000	28 000	30 000	20 000						
B	LIM367	Mogalakwena	139 486	150 230	159 231				30 000	53 000	72 000	9 000	15 000	15 000						
B	LIM368	LIM368	36 255	35 901	37 816				45 000	47 000	48 000	8 000	15 000	15 000						
C	DC36	Waterberg District Municipality													1 897	1 992	2 133			
Total: Waterberg Municipalities			263 381	281 703	297 612				146 000	205 000	260 000	52 000	60 000	50 000	1 897	1 992	2 133			
B	LIM471	Ephraim Mogale	31 917	34 179	35 987															
B	LIM472	Elias Mootsoledi	52 419	56 212	59 386							13 000	10 000	10 000						
B	LIM473	Makhuduthamaga	59 210	63 599	67 230							7 000								
B	LIM476	LIM476	80 885	86 423	91 468							80 000	80 000	80 000						
C	DC47	Sekhukhune District Municipality	457 984	494 172	524 488				64 000	4 500					2 120	2 260	2 401			
Total: Sekhukhune Municipalities			682 415	734 585	778 559				64 000	4 500		100 000	90 000	90 000	2 120	2 260	2 401			
Total: Limpopo Municipalities			3 126 953	3 340 381	3 539 339	180 159	172 264	249 050	530 088	654 542	754 000	310 204	303 000	297 000	10 306	10 959	11 664			
MPUMALANGA																				
B	MP301	Albert Lutuli	90 197	89 194	94 412				15 500			958	6 000	7 000						
B	MP302	Musakalwa	60 442	53 944	56 977							12 000	10 000	9 000						
B	MP303	Mkhondo	74 666	80 232	84 895							4 000	7 000	8 000						
B	MP304	Pixley Ka Seme	25 220	26 978	28 340							7 000	9 000	8 000						
B	MP305	Lekwa	38 531	29 461	30 977							7 000	6 000	3 000						
B	MP306	Dipaleseng	17 959	19 174	20 052							7 000	7 000	7 000						
B	MP307	Govan Mbeki	55 161	59 168	62 525							5 000	5 000	5 000						
C	DC30	Gert Sibande District Municipality				97 264	89 400	129 621							2 200	2 310	2 451			
Total: Gert Sibande Municipalities			362 176	358 151	378 178	97 264	89 400	129 621	15 500			42 958	50 000	47 000	2 200	2 310	2 451			
B	MP311	Victor Khanye	30 377	25 426	26 692							4 400	11 000	8 000						
B	MP312	Emalahleni	114 223	122 949	130 259							44 000	13 000	980						
B	MP313	Steve Tshwete	47 457	50 872	53 715								8 000	3 000						
B	MP314	Enakhazeni	25 404	18 577	19 418							8 000	2 989	3 000						
B	MP315	Thembelele Hani	117 504	126 492	134 021				19 000				2 000	2 000						
B	MP316	Dr JS Moroka	119 102	128 217	135 854								3 000	3 000						
C	DC31	Nkangala District Municipality													2 076	2 180	2 321			
Total: Nkangala Municipalities			454 067	472 533	499 959				19 000			56 400	43 989	19 980	2 076	2 180	2 321			
B	MP321	Thaba Chweu	46 025	49 340	52 088				20 000				5 000	10 000						
B	MP324	Nkomazi	216 355	233 239	247 385				84 192	129 932	112 340	9 000	10 000	15 000				20 000		
B	MP325	Bushbuckridge	358 773	387 035	410 712	140 000			130 000	60 000	141 450	5 000	6 000	10 000						
B	MP326	MP326	330 659	346 957	368 150				115 372	155 447	188 000	11 000	10 000	15 000						
C	DC32	Ehlanzeni District Municipality				38 754	63 438								1 958	2 056	2 197			
Total: Ehlanzeni Municipalities			951 812	1 016 571	1 078 335	140 000	38 754	63 438	349 564	345 379	441 790	25 000	31 000	50 000	1 958	2 056	2 197	20 000		
Total: Mpumalanga Municipalities			1 768 055	1 847 255	1 956 472	237 264	128 154	193 059	384 064	345 379	441 790	124 358	124 989	116 980	6 234	6 546	6 969	20 000		

**ANNEXURE W5
INFRASTRUCTURE GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 4, PART B AND SCHEDULE 5, PART B) 1 OF 2**

Category		Municipality		Municipal Infrastructure Grant			Regional Bulk Infrastructure Grant			Water Services Infrastructure Grant			Integrated National Electrification Programme (Municipal) Grant			Rural Roads Asset Management Systems Grant			Municipal Disaster Recovery Grant		
				National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year		
				2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)
NORTHERN CAPE																					
B	NC061	Richtersveld	7 001	7 398	7 547								1 500	2 000	1 000						
B	NC062	Nama Khoi	13 927	14 841	15 451										3 000	1 000					
B	NC064	Kamiesberg	8 406	7 619	7 781											1 000					
B	NC065	Hantam	9 272	9 883	10 186	19 494	24 426	30 000							2 000	1 000					
B	NC066	Karoo Hoogland	7 744	8 167	8 363		16 000	26 579													
B	NC067	Khdi-Ma	15 430	7 845	8 021							1 600	2 000	1 000							
C	DC6	Namakwa District Municipality															2 667	2 800	2 941		
Total: Namakwa Municipalities			61 780	55 753	57 349	19 494	40 426	56 579				3 100	9 000	5 000	2 667	2 800	2 941				
B	NC071	Ubuntu	9 514	10 098	10 414										3 000	1 500					
B	NC072	Umsobomvu	17 464	11 657	12 070							2 500	2 000	1 500							
B	NC073	Emthanjeni	11 602	12 342	12 798	15 000	10 000					3 000	2 000	1 000							
B	NC074	Kareeberg	7 669	8 117	8 310	15 000	20 000	40 300				1 000									
B	NC075	Renosterberg	7 137	7 544	7 702							1 000	1 000	1 000							
B	NC076	Thembelihle	9 018	9 564	9 847																
B	NC077	Siyathemba	9 379	9 954	10 261							5 000		500							
B	NC078	Siyancuma	15 851	16 908	17 646							4 000	2 000	1 000				2 973	3 122	3 263	
C	DC7	Pixley Ka Seme District Municipality																			
Total: Pixley Ka Seme Municipalities			87 634	86 184	89 048	30 000	30 000	40 300				16 500	10 000	6 500	2 973	3 122	3 263				
B	NC082	!Kai !Garib	21 395	22 866	23 974										2 000	2 000	1 000				
B	NC084	!Kheis	10 202	10 839	11 200																
B	NC085	Tsantsabane	14 833	15 815	16 485																
B	NC086	Kgatelopele	7 673	8 120	8 314							1 500	2 000	500							
B	NC087	NC087	27 177	25 610	26 887							5 000	1 000	2 000							
C	DC8	Z.F. Mgcawu District Municipality															2 684	2 822	2 963		
Total: ZF Mgcawu Municipalities			81 280	83 250	86 860							8 500	5 000	3 500	2 684	2 822	2 963				
B	NC091	Sol Plaatje	47 552	50 952	53 800	15 000	20 000					7 400	7 989	2 354							
B	NC092	Dikgatlong	18 487	19 902	20 826							2 500	2 000	1 000							
B	NC093	Magareng	10 653	11 323	11 715							3 000	1 000	1 000							
B	NC094	Phokwane	25 064	26 815	28 167							1 500	1 000	1 000							
C	DC9	Frances Baard District Municipality															2 427	2 548	2 689		
Total: Frances Baard Municipalities			101 756	108 992	114 508	15 000	20 000					14 400	11 989	5 354	2 427	2 548	2 689				
B	NC451	Joe Morolong	57 839	62 060	65 597				85 184	107 205	129 340		2 000	1 000							
B	NC452	Ga-Segonyana	51 521	55 244	58 358				55 800	91 778	85 000										
B	NC453	Gamagara	21 569	12 309	12 762	10 000	69 330			91 778		20 000	30 000	55 000							
C	DC45	John Taolo Gaetsewe District Municipality															1 823	1 914	2 065		
Total: John Taolo Gaetsewe Municipalities			130 929	129 613	136 717	10 000	69 330	140 984	290 761	214 340	20 000	32 000	56 000	1 823	1 914	2 065					
Total: Northern Cape Municipalities			463 379	463 792	484 482	64 494	100 426	166 209	140 984	290 761	214 340	62 500	67 989	76 354	12 574	13 206	13 921				
NORTH WEST																					
B	NW371	Moretele	101 410	110 842	117 402				45 095	62 000	74 000	12 304	7 000	10 000							
B	NW372	Madibeng	248 907	268 393	284 717								12 000	15 000							
B	NW373	Rustenburg	199 914	215 486	228 531				30 000	74 000	88 000										
B	NW374	Kgetlengrivier	22 915	24 501	25 710				9 500												
B	NW375	Moses Kotane	133 507	143 773	152 374				38 609	84 135	78 000										
C	DC37	Bojanala Platinum District Municipality															2 175	2 284	2 425		
Total: Bojanala Platinum Municipalities			706 653	762 995	808 734				123 204	220 135	240 000	12 304	19 000	25 000	2 175	2 284	2 425				
B	NW381	Ratlou	43 059	30 031	31 582																
B	NW382	Tswaing	27 939	29 901	31 445							1 500	3 000	3 000							
B	NW383	Mafikeng	70 417	62 685	66 260																
B	NW384	Disodola	34 875	37 355	39 360							5 000	7 000	3 000							
B	NW385	Ramothshere Moiloa	35 460	37 986	40 030								5 000	2 000							
C	DC38	Ngaka Modiri Molema District Municipality	290 197	312 981	332 068				4 000	4 500							2 381	2 534	2 675		
Total: Ngaka Modiri Molema Municipalities			501 947	510 939	540 745				4 000	4 500		6 500	15 000	8 000	2 381	2 534	2 675				
B	NW392	Naledi	16 204	17 289	18 051							18 000	9 000	8 000							
B	NW393	Mamusa	19 979	15 972	16 652																
B	NW394	Greater Taung	45 436	48 706	51 415																
B	NW396	Lekwa-Teemaane	25 617	15 046	15 668							15 000	8 000	2 000							
B	NW397	Kagisano-Molopo	28 697	30 716	32 310								6 000	2 000							
C	DC39	Dr Ruth Segomotsi Mompati District Municipality	134 717	145 080	153 761	113 339	116 859	136 533	77 700	102 000	111 557				2 290	2 439	2 580				
Total: Dr Ruth Segomotsi Mompati Municipalities			270 650	272 809	287 857	113 339	116 859	136 533	77 700	102 000	111 557	33 000	23 000	12 000	2 290	2 439	2 580				
B	NW403	City of Maflosana	83 362	89 622	94 867							16 800	15 000	10 000							
B	NW404	Maquassi Hills	26 925	28 809	30 285																
B	NW405	NW405	64 812	68 285	72 207							2 060	15 000	15 000							
C	DC40	Dr Kenneth Kaunda District Municipality															2 242	2 354	2 495		
Total: Dr Kenneth Kaunda Municipalities			175 099	186 716	197 359							18 860	30 000	30 900	2 242	2 354	2 495				
Total: North West Municipalities			1 654 349	1 733 459	1 834 695	113 339	116 859	136 533	204 904	326 635	351 557	70 664	87 000	75 900	9 088	9 611	10 175				

ANNEXURE W5
INFRASTRUCTURE GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 4, PART B AND SCHEDULE 5, PART B) 1 OF 2

			Municipal Infrastructure Grant			Regional Bulk Infrastructure Grant			Water Services Infrastructure Grant			Integrated National Electrification Programme (Municipal) Grant			Rural Roads Asset Management Systems Grant			Municipal Disaster Recovery Grant		
			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year		
Category	Municipality		2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)
WESTERN CAPE																				
A	CPT	City of Cape Town													5 000	9 000				
B	WC011	Matzikama	20 337	21 729	22 766							3 000	2 500	3 000						
B	WC012	Cederberg	22 631	15 943	16 621	21 047	7 426					3 000	3 000	3 000						
B	WC013	Bergervier	13 884	14 795	15 402							2 000	3 000	5 000						
B	WC014	Saldanha Bay	18 532	19 788	20 705							2 000	3 000	5 000						
B	WC015	Swartland	20 330	21 722	22 759							6 000								
C	DC1	West Coast District Municipality															2 424	2 545	2 686	
Total: West Coast Municipalities			95 714	93 977	98 253	21 047	7 426					16 000	11 500	16 000	2 424	2 545	2 686			
B	WC022	Witzenberg	21 389	22 861	23 968		27 841	559				5 000	6 000	7 000						
B	WC023	Drakenstein	33 542	35 921	37 837							5 000	4 000	4 000						
B	WC024	Stellenbosch	34 147	36 575	38 531	32 809						5 000	4 000	7 000						
B	WC025	Breede Valley	32 885	35 214	37 087								2 000	3 000						
B	WC026	Langeberg	20 983	22 422	23 502							1 221	1 000							
C	DC2	Cape Winelands District Municipality															2 683	2 817	2 958	
Total: Cape Winelands Municipalities			142 946	152 993	160 925	60 650	559					16 221	17 000	21 000	2 683	2 817	2 958			
B	WC031	Theewaterskloof	25 204	26 984	28 346							6 500	7 000	6 000						
B	WC032	Overstrand	21 030	22 450	23 531							5 000	4 000	6 000						
B	WC033	Cape Agulhas	10 501	11 160	11 542							1 000	2 000	2 000						
B	WC034	Swellendam	18 391	12 116	12 557							2 000	2 000	2 000						
C	DC3	Overberg District Municipality															2 427	2 548	2 689	
Total: Overberg Municipalities			75 126	72 710	75 976							14 500	15 000	16 000	2 427	2 548	2 689			
B	WC041	Kannaland	9 803	10 407	10 743															
B	WC042	Hessequa	13 023	13 874	14 424							16 000	13 000	8 796						
B	WC043	Mossel Bay	23 004	24 599	25 814							3 000	2 000	2 000				30 000		
B	WC044	George	38 283	41 012	43 244							9 500	12 000	5 000						
B	WC045	Oudshoorn	20 756	22 180	23 245							8 000	9 000	3 000						
B	WC047	Bitou	19 253	20 565	21 530							8 000	8 000	5 000						
B	WC048	Knysna	23 891	25 549	26 823							3 001	4 000	3 000						
C	DC4	Eden District Municipality															2 364	2 482	2 623	
Total: Eden Municipalities			148 013	158 186	165 823							57 501	55 000	36 743	2 364	2 482	2 623	30 000		
B	WC051	Laingsburg	6 316	6 663	6 766							1 999	4 000	2 000						
B	WC052	Prince Albert	7 212	7 628	7 790							1 000	4 000	3 000						
B	WC053	Beaufort West	25 835	14 204	14 774							4 500								
C	DC5	Central Karoo District Municipality															1 866	1 959	2 110	
Total: Central Karoo Municipalities			39 363	28 495	29 330							7 499	8 000	5 000	1 866	1 959	2 110			
Total: Western Cape Municipalities			501 162	506 361	530 307	81 697	7 985					111 721	111 500	103 743	11 764	12 351	13 066	30 000		
Unallocated				300 000	300 000															
National Total			14 914 028	15 991 252	16 893 685	1 850 000	1 865 000	2 060 000	2 844 982	3 729 864	3 959 056	1 946 246	2 087 048	2 204 477	101 514	107 309	113 533	140 000		

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INFRASTRUCTURE GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 4, PART B AND SCHEDULE 5, PART B) 2 OF 2

			Urban Settlements Development Grant			Public Transport Network Grant			Neighbourhood Development Partnership (Capital) Grant			Integrated City Development Grant			SUB-TOTAL: INFRASTRUCTURE		
			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year		
Category	Municipality		2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)
EASTERN CAPE																	
A	BUF	Buffalo City	731 499	774 202	813 335	35 289	60 167	166 393	19 346	24 979	49 525	6 080	10 829	11 457	817 214	900 177	1 070 710
A	NMA	Nelson Mandela Bay	868 282	918 970	965 421		330 095	370 079	21 476	36 133	35 000	9 276	16 521	17 478	934 034	1 341 719	1 427 978
B	EC101	EC101													42 623	31 012	37 004
B	EC102	Blue Crane Route													18 666	24 561	30 154
B	EC104	Makana													40 288	32 901	36 134
B	EC105	Ndlambe													31 554	36 872	39 289
B	EC106	Sundays River Valley													33 446	41 145	47 456
B	EC108	Kouga													36 326	42 463	49 165
B	EC109	Kou-Kamma													14 694	19 665	20 326
C	DC10	Sarah Baartman District Municipality													2 261	2 374	2 515
Total: Sarah Baartman Municipalities															219 858	230 993	262 043
B	EC121	Mbashe													72 745	86 414	94 910
B	EC122	Mquma													64 727	92 969	102 762
B	EC123	Great Kei													16 072	16 415	18 812
B	EC124	Amahlathi													35 147	28 737	30 208
B	EC126	Ngqushwa													25 854	22 957	24 069
B	EC129	EC129													44 969	45 118	51 295
C	DC12	Amathole District Municipality													534 732	613 272	621 719
Total: Amathole Municipalities															794 246	905 882	943 775
B	EC131	Inxuba Yethemba													24 369	26 391	27 097
B	EC135	Intsika Yethu													56 395	69 003	76 420
B	EC136	Emalahleni													41 075	39 262	36 075
B	EC137	Engcobo													80 431	59 392	71 524
B	EC138	Sakhisizwe													19 539	18 541	19 380
B	EC139	EC139													61 668	63 382	70 505
C	DC13	Chris Hani District Municipality													583 932	600 323	561 456
Total: Chris Hani Municipalities															867 409	876 294	862 457
B	EC141	Elundini													51 750	59 826	61 984
B	EC142	Senqu													39 728	39 351	41 480
B	EC145	EC145													26 552	19 231	20 113
C	DC14	Joe Gqabi District Municipality													238 511	303 537	355 455
Total: Joe Gqabi Municipalities															356 541	421 945	479 032
B	EC153	Ngquba Hill													59 057	67 786	73 934
B	EC154	Port St Johns													52 781	60 104	56 970
B	EC155	Nyandeni													67 050	77 288	85 838
B	EC156	Mhlontlo													54 160	63 265	67 761
B	EC157	King Sabata Dalindyebo													107 213	103 381	108 548
C	DC15	O.R.Tambo District Municipality													1 064 794	1 157 158	1 186 727
Total: O.R.Tambo Municipalities															1 405 055	1 528 982	1 579 778
B	EC441	Matatiele													127 012	130 400	133 213
B	EC442	Umzimvubu													59 261	77 482	80 114
B	EC443	Mbizana													71 159	74 483	82 240
B	EC444	Ntabankulu													75 960	77 738	88 147
C	DC44	Alfred Nzo District Municipality													464 825	544 017	521 276
Total: Alfred Nzo Municipalities															798 217	904 120	904 990
Total: Eastern Cape Municipalities			1 599 781	1 693 172	1 778 756	35 289	390 262	536 472	40 822	61 112	84 525	15 356	27 350	28 935	6 192 574	7 110 112	7 530 763

ANNEXURE W5
INFRASTRUCTURE GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 4, PART B AND SCHEDULE 5, PART B) 2 OF 2

		Urban Settlements Development Grant			Public Transport Network Grant			Neighbourhood Development Partnership (Capital) Grant			Integrated City Development Grant			SUB-TOTAL: INFRASTRUCTURE		
		National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year		
Category	Municipality	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)
FREE STATE																
A	MAN Mangaung	725 003	767 326	806 113	200 142	200 042	215 049	60 543	74 543	55 482	10 912	10 718	11 339	1 005 100	1 077 629	1 112 983
B	FS161 Letsemeng													71 635	82 754	88 544
B	FS162 Kopanong													50 679	68 346	92 360
B	FS163 Mookhele													58 694	84 106	86 386
C	DC16 Xhariep District Municipality													1 961	2 059	2 200
Total: Xhariep Municipalities														182 969	237 265	269 490
B	FS181 Maseru													22 500	23 898	25 069
B	FS182 Maseru													25 798	49 852	63 587
B	FS183 Tswelopele													15 736	16 785	17 515
B	FS184 Maseru													113 363	125 020	137 272
B	FS185 Nala													33 299	38 283	43 849
C	DC18 Lejweleputswa District Municipality													2 185	2 294	2 435
Total: Lejweleputswa Municipalities														212 881	256 132	289 727
B	FS191 Setsoto													81 807	95 294	56 477
B	FS192 Dikhalabeng													45 892	44 518	103 657
B	FS193 Nketoana													24 218	25 899	82 194
B	FS194 Maseru-a-Phofung													177 870	203 501	238 873
B	FS195 Phumelela													20 090	26 463	32 484
B	FS196 Maseru													21 061	24 558	28 310
C	DC19 Thabo Mofutsanyana District Municipality													2 307	2 422	2 563
Total: Thabo Mofutsanyana Municipalities														373 245	422 655	544 558
B	FS201 Mookhele													45 349	44 088	52 324
B	FS203 Ngwatho													49 920	46 927	54 277
B	FS204 Maseru													60 623	60 677	61 198
B	FS205 Maseru													27 422	29 895	36 004
C	DC20 Fezile Dabi District Municipality													2 119	2 225	2 366
Total: Fezile Dabi Municipalities														185 433	183 812	206 169
Total: Free State Municipalities		725 003	767 326	806 113	200 142	200 042	215 049	60 543	74 543	55 482	10 912	10 718	11 339	1 959 628	2 177 493	2 422 927
GAUTENG																
A	EKU Ekurhuleni	1 890 352	2 000 706	2 101 836	500 002	700 034	800 017	41 234	39 250	51 234	38 078	45 577	48 221	2 509 666	2 825 567	3 031 308
A	JHB City of Johannesburg	1 775 809	1 879 476	1 974 478	1 015 508	1 102 932	1 177 000	60 730	43 000	28 470	64 746	63 592	67 281	2 956 793	3 129 000	3 277 229
A	TSH City of Tshwane	1 539 334	1 629 196	1 711 548	950 011	975 000	1 000 141	48 500	44 744	45 308	42 652	41 892	44 322	2 620 497	2 730 832	2 846 319
B	GT421 Emfuleni							12 240	20 198	19 562				177 003	201 405	218 194
B	GT422 Midvaal													39 339	41 478	46 181
B	GT423 Lesedi													31 204	36 957	43 318
C	DC42 Sedibeng District Municipality													2 350	2 467	2 608
Total: Sedibeng Municipalities								12 240	20 198	19 562				249 896	282 307	310 301
B	GT481 Mogale City							46 910	41 721	40 781				164 424	181 626	181 878
B	GT484 Merafong City													90 283	95 300	112 666
B	GT485 GT485													134 498	144 608	172 481
C	DC48 West Rand District Municipality							10 000	10 000	10 000				12 484	12 608	12 749
Total: West Rand Municipalities								56 910	51 721	50 781				401 689	434 202	479 774
Total: Gauteng Municipalities		5 205 495	5 509 378	5 787 862	2 465 521	2 777 966	2 977 158	219 614	198 913	195 355	145 476	151 061	159 824	8 738 541	9 401 908	9 944 931

ANNEXURE W5
INFRASTRUCTURE GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 4, PART B AND SCHEDULE 5, PART B) 2 OF 2

Category Municipality		Urban Settlements Development Grant			Public Transport Network Grant			Neighbourhood Development Partnership (Capital) Grant			Integrated City Development Grant			SUB-TOTAL: INFRASTRUCTURE		
		National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year		
		2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)
KWAZULU-NATAL																
A	ETH eThekweni	1 885 685	1 995 766	2 096 646	950 078	1 000 197	1 000 023	51 100	50 000	56 100	50 256	49 361	52 224	2 968 119	3 126 824	3 239 993
B	KZN212 KZN212													73 870	39 342	43 975
B	KZN213 Umzumbe													51 622	44 829	46 677
B	KZN214 uMuziwabantu													22 275	23 814	24 980
B	KZN216 KZN216													67 156	72 013	76 609
C	DC21 Ugu District Municipality													322 372	384 652	414 705
Total: Ugu Municipalities														537 295	564 650	606 946
B	KZN221 uMshwathi													31 329	38 175	39 612
B	KZN222 uMngeni													27 866	30 506	24 653
B	KZN223 Mpofoana													19 680	20 213	20 660
B	KZN224 Impendle													19 382	26 892	22 320
B	KZN225 Msunduzi				200 031	200 023	212 033	22 110	23 813	35 327				457 479	478 779	541 616
B	KZN226 Mchambathini													25 626	26 363	25 067
B	KZN227 Richmond													41 659	30 790	31 644
C	DC22 Umgungundlovu District Municipality													152 249	172 724	238 901
Total: Umgungundlovu Municipalities					200 031	200 023	212 033	22 110	23 813	35 327				775 270	824 442	944 473
B	KZN235 Okhahlamba													38 514	28 907	30 388
B	KZN237 KZN237													48 547	47 506	50 882
B	KZN238 KZN238													120 353	69 148	76 752
C	DC23 Uthukela District Municipality													342 691	449 817	497 557
Total: Uthukela Municipalities														550 105	595 378	655 279
B	KZN241 Endumeni													24 517	25 474	30 123
B	KZN242 Nqutu													47 778	52 876	56 541
B	KZN244 Msinga													60 800	63 261	63 322
B	KZN245 Umvoti													51 311	55 444	49 020
C	DC24 Umzimvathi District Municipality													373 735	417 476	463 859
Total: Umzimvathi Municipalities														558 141	614 531	662 865
B	KZN252 Newcastle							28 323	31 062	43 452				185 150	201 601	232 966
B	KZN253 Ennadlangeni													17 913	19 454	24 730
B	KZN254 Dannhauser													20 698	22 199	23 265
C	DC25 Amajuba District Municipality													91 041	89 365	125 340
Total: Amajuba Municipalities								28 323	31 062	43 452				314 802	332 619	406 301
B	KZN261 eDumbe													35 221	39 384	34 213
B	KZN262 uPhongolo													60 136	41 905	45 386
B	KZN263 Abaqulusi													55 078	57 966	60 009
B	KZN265 Nongoma													44 417	44 567	49 276
B	KZN266 Ulundi													54 492	46 570	43 217
C	DC26 Zululand District Municipality													437 625	431 685	379 347
Total: Zululand Municipalities														686 969	662 077	611 448
B	KZN271 Umhlabyalingana													53 325	50 692	55 594
B	KZN272 Jozini													53 689	53 231	58 291
B	KZN275 Mtubatuba													44 303	45 442	44 142
B	KZN276 KZN276													43 800	44 780	42 820
C	DC27 Umkhanyakude District Municipality													280 409	282 330	342 072
Total: Umkhanyakude Municipalities														475 526	476 475	542 919
B	KZN281 Mfolozi													32 049	36 773	39 122
B	KZN282 KZN282													150 738	186 382	216 467
B	KZN284 uMlalazi													46 539	49 295	53 544
B	KZN285 KZN285													27 399	26 370	29 199
B	KZN286 Nkandla													39 795	48 295	39 429
C	DC28 uThungulu District Municipality													464 142	469 600	446 885
Total: Uthungulu Municipalities														760 662	816 715	824 646
B	KZN291 Mandeni													43 757	51 154	56 085
B	KZN292 KwaDukuza							11 000	8 867					70 330	74 738	65 859
B	KZN293 Ndwedwe													47 451	39 450	44 027
B	KZN294 Maphumulo													36 401	35 768	38 869
C	DC29 iLembe District Municipality													251 658	433 339	323 265
Total: iLembe Municipalities								22 000	8 867					449 597	634 469	528 105
B	KZN433 Greater Kokstad													31 525	17 637	18 420
B	KZN434 Ubuhlebezwe													54 057	58 484	53 878
B	KZN435 Umsizinkhulu													66 399	54 366	66 805
B	KZN436 KZN436													41 513	42 722	44 130
C	DC43 Harry Gwala District Municipality													339 280	409 099	380 992
Total: Harry Gwala Municipalities														532 774	582 308	564 225
Total: KwaZulu-Natal Municipalities		1 885 685	1 995 766	2 096 646	1 150 109	1 200 220	1 212 056	123 533	113 742	134 879	50 256	49 361	52 224	8 609 260	9 230 488	9 587 200

ANNEXURE W5
INFRASTRUCTURE GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 4, PART B AND SCHEDULE 5, PART B) 2 OF 2

Category Municipality		Urban Settlements Development Grant			Public Transport Network Grant			Neighbourhood Development Partnership (Capital) Grant			Integrated City Development Grant			SUB-TOTAL: INFRASTRUCTURE		
		National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year		
		2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)
LIMPOPO																
B	LIM331 Greater Giyani													64 902	72 128	70 668
B	LIM332 Greater Letaba													61 976	58 969	62 313
B	LIM333 Greater Transvaal													114 797	116 571	127 246
B	LIM334 Ba-Phalaborwa													30 568	35 725	38 444
B	LIM335 Maruleng													25 418	27 377	28 763
C	DC33 Mopani District Municipality													550 244	628 757	681 938
Total: Mopani Municipalities														847 905	939 527	1 009 372
B	LIM341 LIM341													38 814	29 637	31 164
B	LIM343 LIM343													136 661	141 824	147 824
B	LIM344 Makhado													101 346	113 765	122 142
B	LIM345 LIM345													91 177	91 023	96 920
C	DC34 Vhembe District Municipality													607 280	705 242	755 830
Total: Vhembe Municipalities														975 278	1 081 491	1 153 880
B	LIM351 LIM351													53 381	52 367	54 869
B	LIM353 LIM353													43 846	39 930	40 847
B	LIM354 LIM354				200 026	201 003	215 050	34 538	30 358	45 235				759 666	795 648	922 864
B	LIM355 Lepelle-Nkumpi													51 466	55 343	58 463
C	DC35 Capricorn District Municipality													348 919	368 161	390 338
Total: Capricorn Municipalities					200 026	201 003	215 050	34 538	30 358	45 235				1 257 278	1 311 449	1 467 381
B	LIM361 Thabazimbi													48 714	72 736	77 331
B	LIM362 Lephalale													64 355	77 706	82 918
B	LIM366 Bela-Bela													80 571	80 130	100 316
B	LIM367 Mogalakwena													178 486	218 230	246 231
B	LIM368 LIM368													89 255	97 901	100 816
C	DC36 Waterberg District Municipality													1 897	1 992	2 132
Total: Waterberg Municipalities														463 278	548 695	609 745
B	LIM471 Ephraim Mogale													31 917	34 179	35 987
B	LIM472 Elias Motsoaledi													65 419	66 212	69 386
B	LIM473 Makhuduthamaga													66 210	63 599	67 230
B	LIM476 LIM476													160 885	166 423	171 468
C	DC47 Sekhukhune District Municipality													524 104	500 932	526 889
Total: Sekhukhune Municipalities														848 535	831 345	870 960
Total: Limpopo Municipalities					200 026	201 003	215 050	34 538	30 358	45 235				4 392 274	4 712 507	5 111 338
MPUMALANGA																
B	MP301 Albert Luthuli													106 655	95 194	101 412
B	MP302 Msukaligwa													72 442	63 944	65 977
B	MP303 Mkhondo													78 666	87 232	92 895
B	MP304 Pixley Ka Seme													32 220	35 978	36 340
B	MP305 Lekwa													45 531	35 461	33 977
B	MP306 Dipaleseng													24 959	26 174	27 052
B	MP307 Govan Mbeki													60 161	64 168	67 525
C	DC30 Gert Sibande District Municipality													99 464	91 710	132 072
Total: Gert Sibande Municipalities														520 098	499 861	557 250
B	MP311 Victor Khanye													34 777	36 426	34 692
B	MP312 Emalahleni							33 081	40 360	37 024				191 304	176 309	168 263
B	MP313 Steve Tshwete													47 457	58 872	56 715
B	MP314 Enukhazeni													33 404	25 566	22 418
B	MP315 Thembelele Hani													136 504	128 492	136 021
B	MP316 Dr JS Moroka													119 102	131 217	138 854
C	DC31 Nkangala District Municipality													2 076	2 180	2 321
Total: Nkangala Municipalities								33 081	40 360	37 024				564 624	559 062	559 284
B	MP321 Thabo Chweu													66 025	54 340	62 088
B	MP324 Nkomazi													329 547	373 171	374 725
B	MP325 Bushbuckridge													633 773	453 035	562 162
B	MP326 MP326				200 058	200 014	215 023	48 637	57 782	47 110				705 726	770 200	833 283
C	DC32 Ehlanzeni District Municipality													1 958	40 810	65 635
Total: Ehlanzeni Municipalities					200 058	200 014	215 023	48 637	57 782	47 110				1 737 029	1 691 556	1 897 893
Total: Mpumalanga Municipalities					200 058	200 014	215 023	81 718	98 142	84 134				2 821 751	2 750 479	3 014 427

ANNEXURE W5
INFRASTRUCTURE GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 4, PART B AND SCHEDULE 5, PART B) 2 OF 2

		Urban Settlements Development Grant			Public Transport Network Grant			Neighbourhood Development Partnership (Capital) Grant			Integrated City Development Grant			SUB-TOTAL: INFRASTRUCTURE		
		National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year		
Category	Municipality	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)
NORTHERN CAPE																
B	NC061 Richtersveld													8 501	9 398	8 547
B	NC062 Nama Khoi													13 927	17 841	16 451
B	NC064 Kamiesberg													8 406	7 619	8 781
B	NC065 Hantam													28 766	36 309	41 186
B	NC066 Karoo Hoogland													9 344	24 167	34 942
B	NC067 Khâi-Ma													15 430	9 845	9 021
C	DC6 Namakwa District Municipality													2 667	2 800	2 941
Total: Namakwa Municipalities														87 041	107 979	121 869
B	NC071 Ubuntu													9 514	13 098	11 914
B	NC072 Umsobomvu													19 964	13 657	13 570
B	NC073 Emthanjeni													29 602	24 342	13 798
B	NC074 Kareeberg													23 669	28 117	48 610
B	NC075 Renosterberg													8 137	8 544	8 702
B	NC076 Thembelihle													9 018	9 564	9 847
B	NC077 Siyathemba													14 379	9 954	10 761
B	NC078 Siyancuma													19 851	18 908	18 646
C	DC7 Pixley Ka Seme District Municipality													2 973	3 122	3 263
Total: Pixley Ka Seme Municipalities														137 107	129 306	139 111
B	NC082 !Kai !Garib													23 395	24 866	24 974
B	NC084 !Kheis													10 202	10 839	11 200
B	NC085 Tsantsabane													14 833	15 815	16 485
B	NC086 Kgatelopele													9 173	10 120	8 814
B	NC087													32 177	26 610	28 887
C	DC8 Z.F. Mgcawu District Municipality													2 684	2 822	2 963
Total: ZF Mgcawu Municipalities														92 464	91 072	93 323
B	NC091 Sol Plaatjie							7 500	20 858	37 420				77 452	99 799	93 574
B	NC092 Dikgatlong													20 987	21 902	21 826
B	NC093 Magareng													13 653	12 323	12 715
B	NC094 Phokwane													26 564	27 815	29 167
C	DC9 Frances Baard District Municipality													2 427	2 548	2 689
Total: Frances Baard Municipalities								7 500	20 858	37 420				141 083	164 387	159 971
B	NC451 Joe Morolong													143 023	171 265	195 937
B	NC452 Ga-Segonyana													107 321	147 022	143 358
B	NC453 Gamagara													41 569	144 087	137 092
C	DC45 John Taolo Gaetsewe District Municipality													1 823	1 914	2 065
Total: John Taolo Gaetsewe Municipalities														293 736	464 288	478 452
Total: Northern Cape Municipalities								7 500	20 858	37 420				751 431	957 032	992 726
NORTH WEST																
B	NW371 Moretele													146 505	179 842	201 402
B	NW372 Madibeng													261 211	280 393	299 717
B	NW373 Rustenburg				285 039	300 074	317 014	7 465	27 722	24 813				522 418	617 282	658 358
B	NW374 Kgetlengrivier													32 415	24 501	25 710
B	NW375 Moses Kotane													172 116	227 908	230 374
C	DC37 Bojanala Platinum District Municipality													2 175	2 284	2 425
Total: Bojanala Platinum Municipalities					285 039	300 074	317 014	7 465	27 722	24 813				1 136 840	1 332 210	1 417 986
B	NW381 Ratlou													43 059	30 031	31 582
B	NW382 Tswaing													29 439	32 901	34 445
B	NW383 Mafikeng													70 417	62 685	66 260
B	NW384 Ditsobotla													39 875	44 355	42 360
B	NW385 Ramotshere Moiloa													35 460	42 986	42 030
C	DC38 Ngaka Modiri Molema District Municipality													296 578	320 015	334 743
Total: Ngaka Modiri Molema Municipalities														514 828	532 973	551 420
B	NW392 Naledi													34 204	26 289	26 051
B	NW393 Mamusa													19 979	15 972	16 652
B	NW394 Greater Taung													45 436	48 706	51 415
B	NW396 Lekwa-Teemane													40 617	23 046	17 668
B	NW397 Kagisano-Molopo													28 697	36 716	34 310
C	DC39 Dr Ruth Segomotsi Mompati District Municipality													328 046	366 378	404 431
Total: Dr Ruth Segomotsi Mompati Municipalities														496 979	517 107	550 527
B	NW403 City of Matlosana							26 052	28 000	30 024				126 214	132 622	134 891
B	NW404 Maquassi Hills													26 925	28 809	36 185
B	NW405 NW405													66 872	83 285	87 207
C	DC40 Dr Kenneth Kaunda District Municipality													2 242	2 354	2 495
Total: Dr Kenneth Kaunda Municipalities								26 052	28 000	30 024				222 253	247 070	260 778
Total: North West Municipalities					285 039	300 074	317 014	33 517	55 722	54 837				2 370 900	2 629 360	2 780 711

ANNEXURE W5
INFRASTRUCTURE GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 4, PART B AND SCHEDULE 5, PART B) 2 OF 2

		Urban Settlements Development Grant			Public Transport Network Grant			Neighbourhood Development Partnership (Capital) Grant			Integrated City Development Grant			SUB-TOTAL: INFRASTRUCTURE		
		National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year		
Category	Municipality	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)
WESTERN CAPE																
A	CPT City of Cape Town	1 423 504	1 506 605	1 582 760	950 063	975 039	1 000 152	12 215			44 805	53 629	56 740	2 430 587	2 540 273	2 648 652
B	WC011 Matzikama													23 337	24 229	25 766
B	WC012 Cederberg													46 678	26 369	19 621
B	WC013 Bergvliet													15 884	17 795	20 402
B	WC014 Saldanha Bay													20 532	22 788	25 705
B	WC015 Swartland													26 330	21 722	22 759
C	DC1 West Coast District Municipality													2 424	2 545	2 686
Total: West Coast Municipalities														135 185	115 448	116 939
B	WC022 Witzenberg													54 230	29 420	30 968
B	WC023 Drakenstein													38 542	39 921	41 837
B	WC024 Stellenbosch													71 956	40 575	45 531
B	WC025 Breede Valley													32 885	37 214	40 087
B	WC026 Langeberg													22 204	23 422	23 502
C	DC2 Cape Winelands District Municipality													2 683	2 817	2 958
Total: Cape Winelands Municipalities														222 500	173 369	184 883
B	WC031 Theewaterskloof													31 704	33 984	34 346
B	WC032 Overstrand													26 030	26 450	29 531
B	WC033 Cape Agulhas													11 501	13 160	13 542
B	WC034 Swellendam													20 391	14 116	14 557
C	DC3 Overberg District Municipality													2 427	2 548	2 689
Total: Overberg Municipalities														92 053	90 258	94 665
B	WC041 Kannaland													25 803	23 407	19 539
B	WC042 Hessequa													46 023	15 874	16 424
B	WC043 Mossel Bay													33 004	31 599	35 761
B	WC044 George				106 444	115 275	105 295							154 227	168 287	153 539
B	WC045 Oudshoorn													28 756	31 180	26 245
B	WC047 Bitou													27 253	28 565	26 530
B	WC048 Knysna							10 000	10 000	10 000				36 892	39 549	39 823
C	DC4 Eden District Municipality													2 364	2 482	2 623
Total: Eden Municipalities					106 444	115 275	105 295	10 000	10 000	10 000				354 322	340 943	320 484
B	WC051 Laingsburg													8 315	10 663	8 766
B	WC052 Prince Albert													8 212	11 628	10 790
B	WC053 Beaufort West													30 335	14 204	14 774
C	DC5 Central Karoo District Municipality													1 866	1 959	2 110
Total: Central Karoo Municipalities														48 728	38 454	36 440
Total: Western Cape Municipalities		1 423 504	1 506 605	1 582 760	1 056 507	1 090 314	1 105 447	22 215	10 000	10 000	44 805	53 629	56 740	3 283 375	3 298 745	3 402 063
Unallocated															300 000	300 000
National Total		10 839 468	11 472 247	12 052 137	5 592 691	6 359 895	6 793 269	624 000	663 390	701 867	266 805	292 119	309 062	39 119 734	42 568 124	45 087 086

ANNEXURE W6

ALLOCATIONS-IN-KIND TO MUNICIPALITIES (SCHEDULE 6, PART B)

(National and Municipal Financial Years)

**ANNEXURE W6
ALLOCATIONS-IN-KIND TO MUNICIPALITIES (SCHEDULE 6, PART B)**

		Integrated National Electrification Programme (Ekom) Grant			Neighbourhood Development Partnership Grant (Technical Assistance)			Bucket Eradication Programme Grant			Water Services Infrastructure Grant			Regional Bulk Infrastructure Grant			Municipal Systems Improvement Grant			SUB-TOTAL: INDIRECT		
Category	Municipality	National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year		
		2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)
EASTERN CAPE																						
A	BUF Buffalo City	19 850	21 546	22 818	1 500	840	1 126													21 350	22 386	23 944
A	NMA Nelson Mandela Bay				1 500	600	2 367													1 500	600	2 367
B	EC101 EC101	2 153	2 339	2 475										59 948	49 184					62 101	51 523	2 475
B	EC102 Blue Crane Route							24 534														
B	EC104 Makana	3 782	4 110	4 348										86 000	70 833	77 000			761	114 316	74 943	82 109
B	EC105 Ndlambe	481	522	553										77 869	76 133	120 000				78 350	76 655	120 553
B	EC106 Sundays River Valley	7 847	8 526	9 020										13 997	7 977					22 594	17 291	9 020
B	EC108 Kouga	1 381	1 521	1 588														750	788			
B	EC109 Koo-Kamma	1 768	1 922	2 033																1 381	1 521	1 588
C	DC10 Sarah Baartman District Municipality													8 987	1 684					10 755	3 606	2 033
Total: Sarah Baartman Municipalities		17 412	18 940	20 017				24 534						246 801	205 811	197 000	750	788	3 884	289 497	225 539	220 901
B	EC121 Mbashe	45 462	49 153	52 005																45 462	49 153	52 005
B	EC122 Mquma	65 172	70 813	74 920																65 172	70 813	74 920
B	EC123 Great Kei																					
B	EC124 Amathole	9 956	10 818	11 445																9 956	10 818	11 445
B	EC126 Ngqushwa	6 791	7 379	7 806																6 791	7 379	7 806
B	EC129 EC129	17 161	18 645	19 726															761	17 161	18 645	20 487
C	DC12 Amathole District Municipality													117 264	32 955	19 122	2 341	3 001	1 434	119 605	35 956	20 556
Total: Amathole Municipalities		144 542	156 808	165 902										117 264	32 955	19 122	2 341	3 001	2 195	264 147	192 764	187 219
B	EC131 Inxuba Yethemba																750	788				
B	EC135 Intsika Yethu	38 570	41 905	34 336																38 570	41 905	34 336
B	EC136 Emalahleni	15 093	16 398	17 349																15 093	16 398	17 349
B	EC137 Engcobo	20 080	21 816	23 081																20 080	21 816	23 081
B	EC138 Sakhiawwe	12 927	14 045	14 869																12 927	14 045	14 869
B	EC139 EC139	8 067	8 765	9 275													750	788		8 817	9 553	9 275
C	DC13 Chris Hani District Municipality																1 040	1 636		1 040	1 636	
Total: Chris Hani Municipalities		94 737	102 929	98 910													2 540	3 212		97 277	106 141	98 910
B	EC141 Elandini	65 400	71 055	55 178																65 400	71 055	55 178
B	EC142 Senqu	24 811	26 956	28 519																24 811	26 956	28 519
B	EC145 EC145																					
C	DC14 Joe Gqabi District Municipality																		761	1 041	1 637	
Total: Joe Gqabi Municipalities		90 211	98 011	83 697															761	91 252	99 648	84 458
B	EC153 Ngqusha Hill	84 810	82 143	87 487	300																	
B	EC154 Port St Johns	31 210	33 909	35 876	300																	
B	EC155 Nyandeni	26 277	28 548	30 204													750	788				
B	EC156 Mlontlo	6 729	7 311	7 735																		
B	EC157 King Sabata Dalindyebo	40 452	43 949	46 498													1 300	1 365	1 434			
C	DC15 O.R.Tambo District Municipality																2 340	3 001	1 434			
Total: O.R.Tambo Municipalities		189 478	195 860	207 800	600												4 390	5 154	2 868	194 468	201 014	210 668
B	EC441 Matatiele	52 392	56 923	60 224																		
B	EC442 Unzimvubu	74 683	92 007	87 342																		
B	EC443 Mbizana	41 658	45 261	47 886	300																	
B	EC444 Ntabankulu	100 087	121 098	129 281																		
C	DC44 Alfred Nzo District Municipality													211 500	234 804	269 258	1 790	2 425				
Total: Alfred Nzo Municipalities		268 820	315 289	324 733	300									211 500	234 804	269 258	1 790	2 425	761	482 410	552 518	594 752
Total: Eastern Cape Municipalities		825 050	909 383	923 877	3 900	1 440	3 493	24 534						575 565	473 570	485 380	12 852	16 217	10 469	1 441 901	1 400 610	1 423 219

**ANNEXURE W6
ALLOCATIONS-IN-KIND TO MUNICIPALITIES (SCHEDULE 6, PART B)**

		Integrated National Electrification Programme (Eskom) Grant			Neighbourhood Development Partnership Grant (Technical Assistance)			Bucket Eradication Programme Grant			Water Services Infrastructure Grant			Regional Bulk Infrastructure Grant			Municipal Systems Improvement Grant			SUB-TOTAL: INDIRECT		
		National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year		
Category	Municipality	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)
FREE STATE																						
A	MAN Manguang	643	699	740	700	600	2 567													1 343	1 299	3 307
B	FS161 Letsameeng	64	69	73																64	69	73
B	FS162 Kopanong	31	33	35										15 700	15 500	28 000				15 731	15 533	28 035
B	FS163 Mokokare	94	102	108										35 000						35 094	102	108
C	DC16 Xhariep District Municipality																1 041	1 636		1 041	1 636	
Total: Xhariep Municipalities		189	204	216										50 700	15 500	28 000	1 041	1 636		51 930	17 340	28 216
B	FS181 Masilonyana	81	88	93										43 883	55 000	65 302	1 300	1 365	1 434	45 264	56 453	66 829
B	FS182 Tokologo	80	87	92				90 593						50 068						140 741	87	92
B	FS183 Tswelopele	46	50	53										24 170	30 000	20 000				24 216	30 050	20 053
B	FS184 Matjhabeng	4 517	4 908	5 193										10 000	35 000	60 000	750	788		15 267	40 696	65 193
B	FS185 Nala	21	248	262										5 282			1 300	1 365	1 434	6 603	1 613	1 696
C	DC18 Lejweleputswa District Municipality																					3 123
Total: Lejweleputswa Municipalities		4 745	5 381	5 693				90 593						133 403	120 000	145 302	3 350	3 518	5 991	232 091	128 899	156 986
B	FS191 Setsoto	3 732	4 055	4 290				171 664												175 396	4 055	4 290
B	FS192 Dikhalabeng	2 259	2 454	2 597										25 997	30 000		1 300	1 365	1 434	29 556	33 819	4 031
B	FS193 Nketoana	24 941	16 756	17 727										51 000	51 785	22 000	1 300	1 365	1 433	77 241	69 906	41 160
B	FS194 Maluti-a-Phofung	4 795	5 211	5 512										48 454			2 050	2 153	1 434	55 299	7 364	6 946
B	FS195 Phamelela	11 172	4 949	5 236										27 440	28 616	28 715	1 300	1 365	1 433	39 912	34 930	35 384
B	FS196 Manteopa	59	64	68										36 560	19 625	3 000				36 619	19 689	3 068
C	DC19 Thabo Mofutsanyana District Municipality																					3 123
Total: Thabo Mofutsanyana Municipalities		46 958	33 489	35 430				171 664						189 451	130 026	53 715	5 950	6 248	8 857	414 023	169 763	98 002
B	FS201 Moqhaka	3 156	3 429	3 606										40 000	15 000	33 887				43 156	18 429	37 493
B	FS203 Ngwathe	24	26	28				63 209						35 000	44 469	78 940	1 300	1 365	1 434	99 533	45 860	80 402
B	FS204 Metsimaholo	12	13	14										10 000	45 000	36 936				10 012	45 013	36 950
B	FS205 Mafube	12	13	14										30 000	40 000	15 224	1 300	1 365	1 433	31 312	41 378	16 671
C	DC20 Fezile Dabi District Municipality																					3 123
Total: Fezile Dabi Municipalities		3 204	3 481	3 662				63 209						115 000	144 469	164 987	2 600	2 730	5 990	184 013	150 680	174 639
Total: Free State Municipalities		55 739	43 254	45 741	700	600	2 567	325 466						488 554	409 995	392 004	12 941	14 132	20 838	883 400	467 981	461 150
GAUTENG																						
A	EKU Ekurhuleni	3 333	3 623	3 832	3 549	6 179	2 936													6 882	9 802	6 768
A	JHB City of Johannesburg	12 299	13 362	14 137	1 500	2 724	2 706													13 799	16 086	16 843
A	TSH City of Tshwane	10 479	11 386	12 046	3 594	4 800	2 589													14 073	16 186	14 635
B	GT421 Emfuleni	15 801	17 167	18 162	845	601	1 000							213 058	193 044	295 559				229 704	210 812	315 482
B	GT422 Midvaal													82 442	45 000	30 000				82 442	45 000	30 000
B	GT423 Lesedi																1 300	1 365	1 433	1 300	1 365	1 433
C	DC42 Sedibeng District Municipality																					3 123
Total: Sedibeng Municipalities		15 801	17 167	18 162	845	601	1 000							295 500	238 044	325 559	1 300	1 365	5 317	313 446	287 177	350 038
B	GT481 Mogale City	822	893	945	1 078	600	1 432													1 900	1 493	2 377
B	GT484 Merafong City	822	893	945																2 122	2 258	2 378
B	GT485 GT485													51 000	108 000	150 000	1 300	1 365	1 433	51 000	108 000	150 000
C	DC48 West Rand District Municipality																			1 040	1 636	
Total: West Rand Municipalities		1 644	1 786	1 890	1 078	600	1 432							51 000	108 000	150 000	2 340	3 001	1 433	56 062	113 387	154 755
Total: Gauteng Municipalities		43 556	47 324	50 067	10 566	14 904	10 663							346 500	346 044	475 559	3 640	4 366	6 750	404 262	412 638	543 039

**ANNEXURE W6
ALLOCATIONS-IN-KIND TO MUNICIPALITIES (SCHEDULE 6, PART B)**

CategoryMunicipality		Integrated National Electrification Programme (Ekem) Grant			Neighbourhood Development Partnership Grant (Technical Assistance)			Bucket Eradication Programme Grant			Water Services Infrastructure Grant			Regional Bulk Infrastructure Grant			Municipal Systems Improvement Grant			SUB-TOTAL: INDIRECT		
		National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year		
		2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)
KWAZULU-NATAL																						
A	ETH eThekweni	27 296	29 656	31 376	2 543	4 800	2 893													29 839	34 456	34 269
B	KZN212 KZN212	23 547	30 890	32 681																23 547	30 890	32 681
B	KZN213 Umzumbe	55 978	69 837	73 888																55 978	69 837	73 888
B	KZN214 uMuziwabantu																					
B	KZN216 KZN216	26 507	28 799	30 470																26 507	28 799	30 470
C	DC21 Ugu District Municipality																1 041	1 636		1 041		
Total: Ugu Municipalities		106 032	129 526	137 039													1 041	1 636		107 073	131 162	137 039
B	KZN221 uMshwathi	2 443	1 201	1 270																2 443	1 201	1 270
B	KZN222 uMngeni																					
B	KZN223 Mpofana	10 256	11 142	11 789																10 256	11 142	11 789
B	KZN224 Impendle																					
B	KZN225 Msunduzi	29 573	43 128	35 630	400	600	1 237													29 973	43 728	36 867
B	KZN226 Mkhambathini																					
B	KZN227 Richmond																					
C	DC22 Umqungullovu District Municipality																1 041	1 637		1 041	1 637	
Total: Umqungullovu Municipalities		42 272	55 471	48 689	400	600	1 237										1 041	1 637		43 713	57 708	49 926
B	KZN235 Okhahlamba	1 432	1 556	1 646																1 432	1 556	1 646
B	KZN237 KZN237	27 559	11 499	12 166																27 559	11 499	12 166
B	KZN238 KNZ238	20 232	52 668	46 303																20 232	52 668	46 303
C	DC23 Uthukela District Municipality																2 340	3 001	1 433	2 340	3 001	1 433
Total:Uthukela Municipalities		49 223	65 723	60 115													2 340	3 001	1 433	51 563	68 724	61 548
B	KZN241 Endumeni																					
B	KZN242 Nqutu	39 383	42 789	65 271																39 383	42 789	65 271
B	KZN244 Msinga	2 840	3 086	3 265																2 840	3 086	4 026
B	KZN245 Umvoti	8 846	11 272	1 346																8 846	11 272	1 346
C	DC24 Umzimvathi District Municipality																1 041	1 637		1 041	1 637	
Total: Umzimvathi Municipalities		51 069	57 147	69 882													1 041	1 637	761	52 110	58 784	70 643
B	KZN252 Newcastle	28 598	38 410	40 638	400	600	1 200													28 998	39 010	41 838
B	KZN253 Ennadlangeni																					
B	KZN254 Dannhauser	3 223	3 501	3 704																3 223	3 501	3 704
C	DC25 Amajuba District Municipality																1 041	1 636		1 041	1 636	
Total: Amajuba Municipalities		31 821	41 911	44 342	400	600	1 200										1 041	1 636	761	33 262	44 147	46 303
B	KZN261 eDumbe	6 714	7 294	7 717																6 714	7 294	7 717
B	KZN262 uPhongolo																					
B	KZN263 Abaqulusi	19 000	20 643	21 852																19 000	20 643	21 852
B	KZN265 Nongoma	30 648	44 163	46 725																30 648	44 163	46 725
B	KZN266 Uthuli	10 365	11 261	11 914																11 665	12 626	13 347
C	DC26 Zululand District Municipality																1 041	1 637	1 433	1 041	1 637	
Total: Zululand Municipalities		66 727	83 361	88 208													2 341	3 002	1 433	69 068	86 363	89 641
B	KZN271 Umhlabyalingana	137 881	149 934	138 630																		
B	KZN272 Jozi	99 887	108 525	94 819																99 887	108 525	94 819
B	KZN275 Mthabatha	18 759	20 187	21 357																18 759	20 187	21 357
B	KZN276 KZN276	24 489	26 543	28 082																24 489	26 543	28 082
C	DC27 Umkhanyakude District Municipality													60 247	20 140		1 041	1 637		61 288	21 777	
Total: Umkhanyakude Municipalities		281 016	305 189	282 888										60 247	20 140		1 041	1 637	761	342 304	326 966	283 649
B	KZN281 Mfolozi	12 427	13 502	14 285																12 427	13 502	14 285
B	KZN282 KZN282																					
B	KZN284 uMlalazi	43 248	46 095	48 768																43 248	46 095	48 768
B	KZN285 KZN285	553	600	635																553	600	635
B	KZN286 Nkandla	17 253	18 745	19 832																17 253	18 745	19 832
C	DC28 uThungulu District Municipality																1 041	1 637		1 041	1 637	
Total: Uthungulu Municipalities		73 481	78 942	83 520													1 041	1 637		74 522	80 579	83 520
B	KZN291 Mandeni	69 196	62 239	77 588	300																	
B	KZN292 KwaDukuza	3 327	3 825	3 825	300															69 496	62 239	78 349
B	KZN293 Ndwebwe	74 522	80 966	85 663																3 627	3 615	3 825
B	KZN294 Maphumulo	73 576	79 938	84 575																74 522	80 966	85 663
C	DC29 iLembe District Municipality													156 094			1 041	1 636		73 576	79 938	84 575
Total: iLembe Municipalities		220 621	226 758	251 651	600									156 094			1 041	1 636	761	378 356	228 394	252 412
B	KZN433 Greater Kokstad																					
B	KZN434 Ushalebezwe	3 061	3 326	3 519																3 061	3 326	3 519
B	KZN435 Unzimkhulu	17 590	19 111	20 219																17 590	19 111	20 219
B	KZN436 KZN436	14 661	15 799	16 716																14 661	15 799	16 716
C	DC43 Harry Gwala District Municipality																1 041	1 637		1 041	1 637	
Total: Harry Gwala Municipalities		35 312	38 236	40 454													1 041	1 637		36 353	39 873	40 454
Total: KwaZulu-Natal Municipalities		984 870	1 111 920	1 138 164	3 943	6 000	5 330							216 341	20 140		13 009	19 096	5 910	1 218 163	1 157 156	1 149 404

**ANNEXURE W6
ALLOCATIONS-IN-KIND TO MUNICIPALITIES (SCHEDULE 6, PART B)**

		Integrated National Electrification Programme (Ekem) Grant			Neighbourhood Development Partnership Grant (Technical Assistance)			Bucket Eradication Programme Grant			Water Services Infrastructure Grant			Regional Bulk Infrastructure Grant			Municipal Systems Improvement Grant			SUB-TOTAL: INDIRECT		
		National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year		
Category	Municipality	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)
LIMPOPO																						
B	LIM331 Greater Giyani	86 138	93 586	79 014															761	86 138	93 586	79 775
B	LIM332 Greater Letaba	22 411	24 350	25 762																22 411	24 350	25 762
B	LIM333 Greater Tzaneen	48 800	53 020	56 095																48 800	53 020	56 095
B	LIM334 Ba-Phalaborwa	15 893	17 267	18 269																17 193	18 632	19 702
B	LIM335 Maruleng	18 703	20 321	21 499																18 703	20 321	21 499
C	DC33 Mopani District Municipality										20 000	88 000	65 000	195 282	26 054		2 340	3 001	1 433	217 622	117 055	66 433
Total: Mopani Municipalities		191 945	208 544	200 639							20 000	88 000	65 000	195 282	26 054		3 640	4 366	3 627	410 867	326 964	269 266
B	LIM341 LIM341	28 778	31 267	33 080																28 778	31 267	33 080
B	LIM343 LIM343	24 897	27 050	28 619																24 897	27 050	28 619
B	LIM344 Makhado	34 868	37 884	40 081																34 868	37 884	40 842
B	LIM345 LIM345																					
C	DC34 Vhembe District Municipality													71 600	59 953	56 790	1 791	2 425		73 391	62 378	56 790
Total: Vhembe Municipalities		88 543	96 201	101 780										71 600	59 953	56 790	1 791	2 425	761	161 934	158 579	159 331
B	LIM351 LIM351	29 397	31 938	33 790																29 397	31 938	33 790
B	LIM353 LIM353	22 712	24 677	26 109																22 712	24 677	26 109
B	LIM354 LIM354	89 706	97 464	83 117	400	600	1 200				50 000	140 122	110 000							140 106	238 186	194 317
B	LIM355 Lepelle-Nkumpi	18 715	20 332	21 511																18 715	20 332	21 511
C	DC35 Capricorn District Municipality													55 000		50 000	1 040	1 636		56 040	1 636	50 000
Total: Capricorn Municipalities		160 530	174 411	164 527	400	600	1 200				50 000	140 122	110 000	55 000		50 000	1 040	1 636		266 970	316 769	325 727
B	LIM361 Thabazimbi	3 749	4 074	4 310													1 300	1 365	1 433	5 049	5 439	5 743
B	LIM362 Lephalale	72 916	89 222	83 817																72 916	89 222	83 817
B	LIM366 Bela-Bela	1 698	1 845	1 952																1 698	1 845	2 713
B	LIM367 Mogalakwena	105 269	120 814	127 822													750	788		246 019	253 602	264 310
B	LIM368 LIM368	3 357	3 645	3 857										140 000	112 000	136 488	1 300	1 365	1 433	21 657	5 010	5 290
C	DC36 Waterberg District Municipality																1 040	1 636		1 040	1 636	
Total: Waterberg Municipalities		186 989	219 600	221 758										157 000	112 000	136 488	4 390	5 154	3 627	348 379	336 754	361 873
B	LIM471 Ephraim Mogale	8 110	8 812	9 323																8 110	8 812	9 323
B	LIM472 Elias Moseleledi	8 553	9 293	9 832													750	788		8 553	9 293	10 593
B	LIM473 Makhuduthamaga	62 511	67 917	71 856																62 511	67 917	71 856
B	LIM476 LIM476	36 280	39 418	41 704													750	788		37 030	40 206	41 704
C	DC47 Sekhukhune District Municipality										80 000	78 000	112 000	371 326	520 377	604 736	1 041	1 637		452 367	600 014	716 736
Total: Sekhukhune Municipalities		115 454	125 440	132 715							80 000	78 000	112 000	371 326	520 377	604 736	2 541	3 213	761	569 321	727 030	850 212
Total: Limpopo Municipalities		743 461	824 196	821 419	400	600	1 200				150 000	306 122	287 000	850 208	718 384	848 014	13 402	16 794	8 776	1 757 471	1 866 096	1 966 409
MPUMALANGA																						
B	MP301 Albert Luthuli	17 188	18 675	19 758													1 300	1 365	1 433	18 488	20 040	21 191
B	MP302 Msukaligwa	7 387	8 026	8 491													23 000	1 300	1 365	8 687	9 391	32 924
B	MP303 Mkhondo	38 687	42 033	44 471																38 687	42 033	44 471
B	MP304 Pixley Ka Seme	3 116	3 385	3 581																3 116	3 385	3 581
B	MP305 Lekwa	301	328	347													1 300	1 365	1 433	1 601	1 693	1 780
B	MP306 Dipaleseng	4 584	4 981	5 270													1 300	1 365	1 433	5 884	6 346	6 703
B	MP307 Govan Mbeki	5 083	5 523	5 843																5 083	5 523	5 843
C	DC30 Gert Sibande District Municipality																					3 123
Total: Gert Sibande Municipalities		76 346	82 951	87 761													23 000	5 200	5 460	81 546	88 411	119 616
B	MP311 Victor Khanye	4 171	4 532	4 795										41 100	36 045		1 300	1 365	1 433	46 571	41 942	6 228
B	MP312 Emalahleni				400	600	1 300							49 875	19 870	56 941	750	787		51 025	21 257	58 241
B	MP313 Steve Tshwete	3 287	3 571	3 778																3 287	3 571	3 778
B	MP314 Enakhezini	1 206	1 310	1 386													750	787		1 956	2 097	1 386
B	MP315 Thembisile Hani	46 374	40 385	53 307										23 330	28 477	73 347				69 704	68 862	127 415
B	MP316 Dr JS Moroka	20 453	22 220	23 509																20 453	22 220	23 509
C	DC31 Nkangala District Municipality													40 000	50 000	60 000				40 000	50 000	63 123
Total: Nkangala Municipalities		75 491	72 018	86 775	400	600	1 300							154 305	134 392	190 288	2 800	2 939	5 317	232 996	209 949	283 680
B	MP321 Thabo Chweu	9 449	10 266	10 861							21 000	35 000	45 000				1 300	1 365	1 433	31 749	46 631	57 294
B	MP324 Nkomazi	23 950	26 020	27 529																23 950	26 020	27 529
B	MP325 Bushbuckridge	159 228	182 998	183 032	300						50 545	103 000	115 000	50 000						260 073	285 998	298 793
B	MP326 MP326	50 747	55 136	58 334	400	600	1 400													51 147	55 736	59 734
C	DC32 Ehlanzeni District Municipality													138 878	71 305	103 306	1 041	1 637		139 919	72 942	103 306
Total: Ehlanzeni Municipalities		243 374	274 420	279 756	700	600	1 400				71 545	138 000	160 000	188 878	71 305	103 306	2 341	3 002	2 194	506 838	487 327	546 656
Total: Mpumalanga Municipalities		395 211	429 389	454 292	1 100	1 200	2 700				71 545	138 000	160 000	343 183	205 697	316 594	10 341	11 401	16 366	821 380	785 687	949 952

**ANNEXURE W6
ALLOCATIONS-IN-KIND TO MUNICIPALITIES (SCHEDULE 6, PART B)**

		Integrated National Electrification Programme (Eskom) Grant			Neighbourhood Development Partnership Grant (Technical Assistance)			Bucket Eradication Programme Grant			Water Services Infrastructure Grant			Regional Bulk Infrastructure Grant			Municipal Systems Improvement Grant			SUB-TOTAL: INDIRECT		
		National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year		
Category	Municipality	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)
NORTHERN CAPE																						
B	NC061 Richtersveld													15 857	19 857				761	15 857	19 857	761
B	NC062 Nama Khoi																					
B	NC064 Kamiesberg																					
B	NC065 Hantam	2 426	2 637	2 790																2 426	2 637	2 790
B	NC066 Karoo Hoogland																		761		761	
B	NC067 Khai-Ma																					
C	DC6 Namakwa District Municipality																		3 123		3 123	
Total: Namakwa Municipalities		2 426	2 637	2 790										15 857	19 857				4 645	18 283	22 494	7 435
B	NC071 Ubuantu																					
B	NC072 Umsobomvu	412	449	475																412	449	475
B	NC073 Emthanjeni													22 903	5 307	14 237			22 903	5 307	14 237	
B	NC074 Kareeberg																					
B	NC075 Renosterberg																					
B	NC076 Thembelihle													5 716					5 716			
B	NC077 Siyathemba													10 000			750	787	10 750	787		
B	NC078 Siyancuma	1 356	1 473	1 559										14 000					15 356	1 473	1 559	
C	DC7 Pixley Ka Seme District Municipality																		3 124		3 124	
Total: Pixley Ka Seme Municipalities		1 768	1 922	2 034										52 619	5 307	14 237	750	787	3 124	55 137	8 016	19 395
B	NC082 IKai IGarib	634	694	730												49 229			634	49 923	730	
B	NC084 IKheis																					
B	NC085 Tsantsabane	9 049	9 832	10 402													750	787	9 799	10 619	10 402	
B	NC086 Kgatelopele																750	787	750	787	203	
B	NC087 NC087	176	192	203										52 704					52 880	192	203	
C	DC8 Z.F. Mgcawu District Municipality																		3 124		3 124	
Total:Z.F. Mgcawu Municipalities		9 859	10 718	11 335										52 704	49 229		1 500	1 574	3 124	64 063	61 521	14 459
B	NC091 Sol Plaatjie				400	600	1 000										1 300	1 365	1 433	1 700	1 965	2 433
B	NC092 Dikgatlong	8 221	8 932	9 459										23 134	2 000				31 355	10 932	9 459	
B	NC093 Magareng													20 284	5 744		750	787	21 034	6 531		
B	NC094 Phokwane																750	787	750	787		
C	DC9 Frances Baard District Municipality																		3 124		3 124	
Total: Frances Baard Municipalities		8 221	8 932	9 459	400	600	1 000							43 418	7 744		2 800	2 939	4 557	54 839	20 215	15 016
B	NC451 Joe Morolong	11 859	12 880	13 628															11 859	12 880	13 628	
B	NC452 Ga-Segonyana	68 486	74 408	78 723													750	787	69 236	75 195	78 723	
B	NC453 Gamagara																					
C	DC45 John Taolo Gaetsewe District Municipality																1 041	1 637	1 041	1 637		
Total: John Taolo Gaetsewe Municipalities		80 345	87 288	92 351													1 791	2 424		82 136	89 712	92 351
Total: Northern Cape Municipalities		102 619	111 497	117 969	400	600	1 000							164 598	82 137	14 237	6 841	7 724	15 450	274 458	201 958	148 656
NORTH WEST																						
B	NW371 Moretele	16 687	18 331	19 182										48 000	51 995	110 060			64 687	70 326	129 242	
B	NW372 Madibeng	63 757	59 271	73 289							25 000	45 000	58 000	187 591	187 503				276 348	291 774	132 050	
B	NW373 Rustenburg	63 800	80 181	84 833	400	600	1 300												64 200	80 781	86 133	
B	NW374 Kgetlengrivier	132	143	151										26 000	60 065				26 132	60 208	151	
B	NW375 Moses Kotane	13 104	14 237	15 063													1 300	1 365	14 404	15 602	16 496	
C	DC37 Bojanala Platinum District Municipality																1 041	1 637	1 041	1 637		
Total: Bojanala Platinum Municipalities		157 480	172 163	192 518	400	600	1 300				25 000	45 000	58 000	261 591	299 563	110 060	2 341	3 002	2 194	446 812	520 328	364 072
B	NW381 Ratlou	13 479	14 645	15 494															13 479	14 645	15 494	
B	NW382 Tswaing	5 362	5 825	6 163													750	787	6 112	6 612	6 163	
B	NW383 Marikeng	14 434	15 683	16 593													750	787	15 184	16 470	16 593	
B	NW384 Dinobotha	6 485	7 046	7 454													1 300	1 365	7 785	8 411	8 887	
B	NW385 Ramotshere Moiloa	7 835	8 513	9 007															7 835	8 513	9 007	
C	DC38 Ngaka Modiri Molema District Municipality										65 000	98 000	103 175	100 000	92 972	94 881	1 041	1 637	166 041	192 609	198 056	
Total: Ngaka Modiri Molema Municipalities		47 595	51 712	54 711							65 000	98 000	103 175	100 000	92 972	94 881	3 841	4 576	1 433	216 436	247 260	254 200
B	NW392 Naledi	2 214	2 406	2 545													1 300	1 365	3 514	3 771	3 978	
B	NW393 Mamusa	21 365	23 213	24 559													750	787	22 115	24 000	24 559	
B	NW394 Greater Taung	14 494	15 347	16 661															14 494	15 347	16 661	
B	NW396 Lekwa-Tecmane	99	107	113															99	107	113	
B	NW397 Kagisano-Molopo	30 078	32 879	34 574															30 078	32 879	35 334	
C	DC39 Dr Ruth Segomotsi Mompati District Municipality																1 041	1 637	1 041	1 637		
Total: Dr Ruth Segomotsi Mompati Municipalities		68 250	73 952	78 452													3 091	3 789	2 193	71 341	77 741	80 645
B	NW403 City of Maflosana	3 026	3 287	3 478	500	600	600												3 526	3 887	4 078	
B	NW404 Maquassi Hills	3 009	3 270	3 459										55 674					58 683	3 270	3 459	
B	NW405 NW405	286	310	328										20 300	34 777	39 274	750	787	21 336	35 874	39 602	
C	DC40 Dr Kenneth Kaunda District Municipality																					
Total: Dr Kenneth Kaunda Municipalities		6 321	6 867	7 265	500	600	600							75 974	34 777	39 274	750	787	3 124	83 545	43 031	50 263
Total: North West Municipalities		279 646	304 694	332 946	900	1 200	1 900				90 000	143 000	161 175	437 565	427 312	244 215	10 023	12 154	8 944	818 134	888 360	749 180

**ANNEXURE W6
ALLOCATIONS-IN-KIND TO MUNICIPALITIES (SCHEDULE 6, PART B)**

Category		Integrated National Electrification Programme (Ekom) Grant			Neighbourhood Development Partnership Grant (Technical Assistance)			Bucket Eradication Programme Grant			Water Services Infrastructure Grant			Regional Bulk Infrastructure Grant			Municipal Systems Improvement Grant			SUB-TOTAL: INDIRECT		
		National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year		
		2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)
Municipality																						
WESTERN CAPE																						
A	CPT City of Cape Town	43 855	37 646	50 409	300	1 200	500													44 155	38 846	50 909
B	WC011 Matzikama	60	66	69											19 731				60	66	19 800	
B	WC012 Cederberg	23 827	25 888	27 389															23 827	25 888	27 389	
B	WC013 Bergvriër	83	91	96															83	91	856	
B	WC014 Saldanha Bay	60	66	69															60	66	69	
B	WC015 Swarland	746	810	857															746	810	857	
C	DC1 West Coast District Municipality																				3 124	
Total: West Coast Municipalities		24 776	26 921	28 480											19 731						3 884	
B	WC022 Witzenberg	113	123	130															113	123	130	
B	WC023 Drakenstein													1 900			1 300	1 365	3 200	1 365	1 433	
B	WC024 Stellenbosch																					
B	WC025 Breede Valley	20 590	22 371	23 669																	760	
B	WC026 Langeberg	24	25	26															20 590	22 371	24 429	
C	DC2 Cape Winelands District Municipality																		24	25	26	
Total: Cape Winelands Municipalities		20 727	22 519	23 825											1 900		1 300	1 365			3 124	
																					5 317	
B	WC031 Theewaterskloof	4 515	4 905	5 191																		
B	WC032 Overstrand																					
B	WC033 Cape Agulhas																					
B	WC034 Swellendam	23	25	27																	760	
C	DC3 Overberg District Municipality																				3 124	
Total: Overberg Municipalities		4 538	4 930	5 218																	3 884	
B	WC041 Kannaland													29 167	46 654	33 937			29 167	46 654	33 937	
B	WC042 Hessequa	113	123	130															113	123	130	
B	WC043 Mossel Bay	1 459	1 585	1 677															1 459	1 585	1 677	
B	WC044 George	91	98	104															91	98	104	
B	WC045 Oudshoorn	297	323	342										20 248	30 346	50 000			20 545	30 669	51 102	
B	WC047 Bitou																				760	
B	WC048 Knysna													5 000	30 000	40 000			5 000	30 000	40 000	
C	DC4 Eden District Municipality																				3 124	
Total: Eden Municipalities		1 960	2 129	2 253										54 415	107 000	123 937					3 884	
B	WC051 Laingsburg	24	25	25																	760	
B	WC052 Prince Albert	23	25	26															23	25	26	
B	WC053 Beaufort West	279	302	320															279	302	320	
C	DC5 Central Karoo District Municipality														16 000	11 772					760	
Total: Central Karoo Municipalities		326	352	371																	3 124	
															16 000	11 772					4 644	
Total: Western Cape Municipalities		96 182	94 497	110 556	300	1 200	500							56 315	123 000	155 440	1 300	1 365	21 613			
National Total		3 526 334	3 876 154	3 995 031	22 209	27 744	29 353	350 000			311 545	587 122	608 175	3 478 829	2 806 279	2 931 443	84 349	103 249	115 116	7 773 266	7 400 548	7 679 118

ANNEXURE W7

EQUITABLE SHARE AND TOTAL ALLOCATIONS TO MUNICIPALITIES

(National and Municipal Financial Years)

ANNEXURE W7
EQUITABLE SHARE AND TOTAL ALLOCATIONS TO MUNICIPALITIES

Category			EQUITABLE SHARE ¹			TOTAL ALLOCATIONS TO MUNICIPALITIES		
			National and Municipal Financial Year			National and Municipal Financial Year		
			2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)
EASTERN CAPE								
A	BUF	Buffalo City	678 197	703 602	760 226	1 528 249	1 643 465	1 870 880
A	NMA	Nelson Mandela Bay	798 043	843 509	921 857	1 757 623	2 206 614	2 383 426
B	EC101	EC101	84 241	78 096	83 220	220 669	173 423	129 154
B	EC102	Blue Crane Route	44 713	45 793	48 298	66 012	72 054	80 407
B	EC104	Makana	77 008	80 465	86 244	234 422	190 454	206 887
B	EC105	Ndlambe	76 824	83 298	89 683	189 553	198 725	251 680
B	EC106	Sundays River Valley	59 318	65 608	71 249	118 368	126 389	130 325
B	EC108	Kouga	91 622	103 959	114 565	132 011	149 643	167 273
B	EC109	Kou-Kamma	39 760	42 981	46 102	68 034	68 152	70 616
C	DC10	Sarah Baartman District Municipality	82 014	84 890	87 985	86 525	88 514	94 623
Total: Sarah Baartman Municipalities			555 500	585 090	627 346	1 115 594	1 067 354	1 130 965
B	EC121	Mbhashe	210 060	223 148	233 352	331 036	360 415	382 222
B	EC122	Mnquma	221 906	232 277	242 148	354 430	397 759	421 530
B	EC123	Great Kei	39 457	34 267	35 616	58 539	53 027	57 028
B	EC124	Amahlathi	113 780	98 507	102 403	161 570	139 762	146 011
B	EC126	Ngqushwa	76 828	75 545	78 487	112 483	108 226	112 962
B	EC129	EC129	147 445	151 530	158 177	228 820	223 659	234 015
C	DC12	Amathole District Municipality	730 990	780 614	845 394	1 388 874	1 431 092	1 488 669
Total: Amathole Municipalities			1 540 466	1 595 888	1 695 577	2 635 752	2 713 940	2 842 437
B	EC131	Inxuba Yethemba	39 424	38 565	40 889	67 832	67 889	70 386
B	EC135	Intsika Yethu	145 314	153 925	161 037	243 400	266 978	274 193
B	EC136	Emalahleni	114 599	121 843	127 950	174 192	179 848	183 974
B	EC137	Engcobo	130 882	139 012	145 476	235 018	221 920	241 781
B	EC138	Sakhisizwe	57 906	60 843	63 522	93 114	95 129	99 471
B	EC139	EC139	167 232	165 668	175 285	270 199	254 195	264 065
C	DC13	Chris Hani District Municipality	485 308	529 946	573 337	1 079 577	1 133 405	1 136 043
Total: Chris Hani Municipalities			1 140 665	1 209 802	1 287 496	2 163 332	2 219 364	2 269 913
B	EC141	Elundini	129 070	137 811	144 722	249 393	270 392	263 584
B	EC142	Senqu	129 802	136 745	143 348	197 463	204 752	215 047
B	EC145	EC145	51 948	49 452	52 683	98 201	83 494	78 058
C	DC14	Joe Gqabi District Municipality	223 621	244 055	264 128	465 897	550 479	621 088
Total: Joe Gqabi Municipalities			534 441	568 063	604 881	1 010 954	1 109 117	1 177 777
B	EC153	Ngquza Hill	195 945	208 426	218 193	343 003	360 055	381 314
B	EC154	Port St Johns	117 662	124 989	130 753	205 528	221 690	225 754
B	EC155	Nyandeni	213 070	226 424	237 439	309 283	333 960	355 181
B	EC156	Mhlontlo	154 313	161 607	167 789	218 444	234 528	245 885
B	EC157	King Sabata Dalindyebo	249 468	265 719	280 838	414 942	421 059	449 718
C	DC15	O.R.Tambo District Municipality	669 303	733 445	792 645	1 741 360	1 895 649	1 983 106
Total: O.R.Tambo Municipalities			1 599 761	1 720 610	1 827 657	3 232 560	3 466 941	3 640 958
B	EC441	Matatiele	170 266	179 725	187 547	353 085	368 748	382 684
B	EC442	Umtzimvubu	162 992	170 765	177 467	300 187	341 954	346 878
B	EC443	Mbizana	175 910	185 021	192 873	291 921	306 910	326 160
B	EC444	Ntabankulu	93 327	97 382	101 010	272 430	298 118	320 593
C	DC44	Alfred Nzo District Municipality	387 047	417 686	448 072	1 085 628	1 211 288	1 250 656
Total: Alfred Nzo Municipalities			989 542	1 050 579	1 106 969	2 303 251	2 527 018	2 626 971
Total: Eastern Cape Municipalities			7 836 615	8 277 143	8 832 009	15 747 315	16 953 813	17 943 327

ANNEXURE W7
EQUITABLE SHARE AND TOTAL ALLOCATIONS TO MUNICIPALITIES

Category			EQUITABLE SHARE ¹			TOTAL ALLOCATIONS TO MUNICIPALITIES		
			National and Municipal Financial Year			National and Municipal Financial Year		
			2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)
FREE STATE								
A	MAN	Mangaung	629 731	644 493	709 316	1 665 063	1 731 632	1 833 951
B	FS161	Letsemeng	47 402	45 691	48 269	121 926	130 414	139 041
B	FS162	Kopanong	70 650	63 453	66 846	139 840	149 032	188 941
B	FS163	Mohokare	54 472	55 601	59 560	151 085	141 709	148 209
C	DC16	Xhariep District Municipality	29 739	30 821	32 032	35 044	35 766	35 737
Total: Xhariep Municipalities			202 263	195 566	206 707	447 895	456 921	511 928
B	FS181	Masilonyana	83 362	82 724	87 491	160 098	164 975	181 544
B	FS182	Tokologo	43 424	43 086	45 581	212 820	94 925	111 415
B	FS183	Tswelopele	59 589	57 728	60 911	102 366	111 463	100 634
B	FS184	Matjhabeng	385 851	373 021	400 033	517 422	540 882	604 898
B	FS185	Nala	108 273	97 238	102 251	157 185	139 479	150 396
C	DC18	Lejweleputswa District Municipality	111 727	114 789	118 760	116 162	118 333	125 318
Total: Lejweleputswa Municipalities			792 226	768 586	815 027	1 266 053	1 170 057	1 274 205
B	FS191	Setsoto	158 775	155 327	165 239	419 511	256 376	227 706
B	FS192	Dihlabeng	124 304	126 276	136 743	202 377	206 313	246 386
B	FS193	Nketoana	79 054	79 656	85 568	183 161	177 161	210 877
B	FS194	Maluti-a-Phofung	458 097	492 281	526 299	700 726	711 291	774 518
B	FS195	Phumelela	59 830	60 669	64 597	122 842	124 407	135 065
B	FS196	Mantsopa	67 748	67 920	72 602	128 238	114 312	106 380
C	DC19	Thabo Mofutsanyana District Municipality	97 724	101 663	105 705	102 401	105 335	112 896
Total: Thabo Mofutsanyana Municipalities			1 045 532	1 083 792	1 156 753	1 859 256	1 695 195	1 813 828
B	FS201	Moqhaka	158 519	160 019	171 963	249 834	224 681	264 180
B	FS203	Ngwathe	157 639	161 424	173 705	309 980	256 356	310 784
B	FS204	Metsimaholo	125 978	140 738	155 882	199 298	254 128	255 985
B	FS205	Mafube	77 214	77 900	83 448	143 958	151 518	138 723
C	DC20	Fezile Dabi District Municipality	142 178	144 270	148 875	145 547	147 745	155 364
Total: Fezile Dabi Municipalities			661 528	684 351	733 873	1 048 617	1 034 428	1 125 036
Total: Free State Municipalities			3 331 280	3 376 788	3 621 676	6 286 884	6 088 233	6 558 948
GAUTENG								
A	EKU	Ekurhuleni	2 381 367	2 662 137	2 950 523	4 936 090	5 518 556	6 004 599
A	JHB	City of Johannesburg	3 182 318	3 607 991	4 017 148	6 219 273	6 762 327	7 335 720
A	TSH	City of Tshwane	1 864 838	2 148 143	2 404 418	4 552 530	4 897 811	5 282 772
B	GT421	Emfuleni	608 581	628 257	684 683	1 019 291	1 042 024	1 219 909
B	GT422	Midvaal	76 401	86 719	96 825	200 936	174 747	174 556
B	GT423	Lesedi	92 186	104 537	116 468	127 403	144 409	162 769
C	DC42	Sedibeng District Municipality	250 882	256 414	264 770	255 482	260 131	271 751
Total: Sedibeng Municipalities			1 028 050	1 075 927	1 162 746	1 603 112	1 621 311	1 828 985
B	GT481	Mogale City	285 456	320 490	355 627	454 344	505 159	541 432
B	GT484	Merafong City	162 952	159 408	173 714	258 406	258 666	290 458
B	GT485	GT485	216 728	233 219	255 651	421 117	506 853	589 688
C	DC48	West Rand District Municipality	188 872	194 034	200 923	204 951	209 528	214 672
Total: West Rand Municipalities			854 008	907 151	985 915	1 338 818	1 480 206	1 636 250
Total: Gauteng Municipalities			9 310 581	10 401 349	11 520 750	18 649 823	20 280 211	22 088 326

ANNEXURE W7
EQUITABLE SHARE AND TOTAL ALLOCATIONS TO MUNICIPALITIES

Category		EQUITABLE SHARE ¹			TOTAL ALLOCATIONS TO MUNICIPALITIES		
		National and Municipal Financial Year			National and Municipal Financial Year		
		2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)
KWAZULU-NATAL							
A	ETH eThekweni	2 319 380	2 576 367	2 829 662	5 396 366	5 781 697	6 141 624
B	KZN212 KZN212	121 144	116 787	124 276	234 148	195 830	205 433
B	KZN213 Umzumbe	119 488	123 267	127 910	229 996	239 833	250 375
B	KZN214 uMuziwabantu	76 377	81 848	86 301	101 606	107 562	113 181
B	KZN216 KZN216	165 774	180 940	195 507	275 261	289 918	306 186
C	DC21 Ugu District Municipality	384 729	426 030	466 113	711 390	814 113	882 868
Total: Ugu Municipalities		867 512	928 872	1 000 107	1 552 401	1 647 256	1 758 043
B	KZN221 uMshwathi	83 479	89 253	94 699	120 389	130 529	137 736
B	KZN222 uMngeni	49 326	54 910	60 244	80 134	87 116	86 852
B	KZN223 Mpofana	27 693	28 818	30 313	60 454	62 073	64 917
B	KZN224 Impendle	31 349	32 128	33 615	53 999	60 920	57 835
B	KZN225 Msunduzi	432 307	480 046	527 315	936 193	1 004 253	1 107 498
B	KZN226 Mkhambathini	50 183	51 099	54 184	78 887	79 362	81 406
B	KZN227 Richmond	55 625	60 619	64 690	100 386	93 309	98 234
C	DC22 Umgungundlovu District Municipality	428 362	468 036	512 298	584 996	643 647	752 199
Total: Umgungundlovu Municipalities		1 158 324	1 264 909	1 377 358	2 015 438	2 161 209	2 386 677
B	KZN235 Okhahlamba	96 932	102 293	107 030	141 637	134 656	140 964
B	KZN237 KZN237	134 763	142 700	150 620	226 361	209 871	217 224
B	KZN238 KZN238	183 739	189 339	200 109	342 394	319 321	326 764
C	DC23 Uthukela District Municipality	332 370	361 841	392 513	682 030	816 454	893 048
Total: Uthukela Municipalities		747 804	796 173	850 272	1 392 422	1 480 302	1 578 000
B	KZN241 Endumeni	36 413	36 906	39 936	63 682	64 080	72 014
B	KZN242 Nqutu	110 256	116 695	122 462	200 579	214 260	246 174
B	KZN244 Msinga	131 035	138 537	146 554	198 595	206 784	215 802
B	KZN245 Umvoti	94 786	105 514	113 165	159 041	174 030	165 586
C	DC24 Umzinyathi District Municipality	263 532	292 854	320 683	641 908	713 217	786 047
Total: Umzinyathi Municipalities		636 022	690 506	742 800	1 263 805	1 372 371	1 485 623
B	KZN252 Newcastle	306 952	324 247	350 776	525 898	574 558	632 280
B	KZN253 Emadlangeni	23 572	25 281	26 447	44 594	46 635	54 093
B	KZN254 Dannhauser	75 694	80 181	83 977	102 559	107 781	112 846
C	DC25 Amajuba District Municipality	129 160	139 337	150 938	224 239	231 838	278 033
Total: Amajuba Municipalities		535 378	569 046	612 138	897 290	960 812	1 077 252
B	KZN261 eDumbe	57 900	61 387	64 417	102 660	109 965	108 502
B	KZN262 uPhongolo	97 800	104 530	110 401	162 782	148 335	157 942
B	KZN263 Abaqulusi	107 884	115 710	123 222	184 985	196 019	207 038
B	KZN265 Nongoma	121 046	128 549	134 781	199 038	219 179	232 937
B	KZN266 Ulundi	124 460	131 159	136 958	193 342	192 155	195 577
C	DC26 Zululand District Municipality	347 834	380 691	413 855	791 374	815 263	794 202
Total: Zululand Municipalities		856 924	922 026	983 634	1 634 181	1 680 916	1 696 198
B	KZN271 Umhlabuyalingana	122 458	133 785	142 392	317 766	336 311	339 277
B	KZN272 Jozini	134 845	144 859	152 832	293 584	308 515	308 097
B	KZN275 Mtubatuba	120 328	132 738	141 977	186 623	205 267	209 631
B	KZN276 KZN276	79 379	83 025	87 821	164 577	162 714	162 779
C	DC27 Umkhanyakude District Municipality	292 146	327 467	359 612	636 386	632 824	702 684
Total: Umkhanyakude Municipalities		749 156	821 874	884 634	1 598 936	1 645 631	1 722 468
B	KZN281 Mfolozi	98 724	107 868	114 489	146 674	160 043	169 796
B	KZN282 KZN282	263 487	291 465	319 112	435 609	490 421	544 729
B	KZN284 uMlalazi	148 417	159 664	168 611	242 753	256 754	272 878
B	KZN285 KZN285	63 687	67 763	70 547	103 824	101 007	103 231
B	KZN286 Nkandla	79 169	82 877	86 010	140 191	151 817	147 426
C	DC28 Uthungulu District Municipality	433 405	464 457	506 461	905 304	936 944	954 346
Total: Uthungulu Municipalities		1 086 889	1 174 094	1 265 230	1 974 355	2 096 986	2 192 406
B	KZN291 Mandeni	122 874	134 039	143 306	240 007	249 332	279 640
B	KZN292 KwaDukuza	116 642	132 042	146 463	193 609	212 215	217 947
B	KZN293 Ndwedwe	108 709	116 578	122 741	234 298	238 894	254 586
B	KZN294 Maphumulo	71 404	74 451	77 236	184 467	192 057	202 580
C	DC29 iLembe District Municipality	373 996	420 163	463 652	785 889	856 388	787 917
Total: iLembe Municipalities		793 625	877 273	953 398	1 638 270	1 748 886	1 742 670
B	KZN433 Greater Kokstad	45 887	44 006	46 219	80 756	69 443	66 439
B	KZN434 Ubuhlebezwe	90 491	97 558	102 551	151 419	161 268	162 103
B	KZN435 Umzimkhulu	152 393	163 981	173 501	239 506	239 358	262 425
B	KZN436 KZN436	94 288	99 474	104 242	166 017	166 361	169 144
C	DC43 Harry Gwala District Municipality	260 069	284 205	308 451	613 004	696 191	690 443
Total: Harry Gwala Municipalities		643 128	689 224	734 964	1 250 702	1 332 621	1 350 554
Total: KwaZulu-Natal Municipalities		10 394 142	11 310 364	12 234 197	20 614 166	21 908 687	23 131 515

ANNEXURE W7
EQUITABLE SHARE AND TOTAL ALLOCATIONS TO MUNICIPALITIES

Category		EQUITABLE SHARE ¹			TOTAL ALLOCATIONS TO MUNICIPALITIES		
		National and Municipal Financial Year			National and Municipal Financial Year		
		2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)
LIMPOPO							
B	LIM331 Greater Giyani	219 308	234 487	247 581	373 316	402 346	400 169
B	LIM332 Greater Letaba	206 299	219 352	231 224	293 901	304 816	321 444
B	LIM333 Greater Tzaneen	291 141	312 958	333 719	465 497	489 694	524 205
B	LIM334 Ba-Phalaborwa	110 235	119 502	127 315	160 806	176 004	187 861
B	LIM335 Maruleng	91 329	97 904	103 437	138 275	147 502	155 599
C	DC33 Mopani District Municipality	686 633	760 874	832 073	1 457 902	1 508 481	1 582 494
Total: Mopani Municipalities		1 604 945	1 745 077	1 875 349	2 889 697	3 028 843	3 171 772
B	LIM341 LIM341	87 434	99 288	107 938	165 444	164 374	174 082
B	LIM343 LIM343	337 132	362 797	385 202	518 015	535 653	573 345
B	LIM344 Makhado	275 985	296 533	315 879	427 444	457 164	485 563
B	LIM345 LIM345	247 247	306 392	324 347	360 577	406 607	423 612
C	DC34 Vhembe District Municipality	743 976	830 185	910 167	1 432 424	1 602 800	1 728 837
Total: Vhembe Municipalities		1 691 774	1 895 195	2 043 533	2 903 904	3 166 598	3 385 439
B	LIM351 LIM351	155 178	164 476	172 603	251 149	254 358	263 795
B	LIM353 LIM353	118 756	124 652	130 555	197 881	194 636	200 099
B	LIM354 LIM354	675 714	757 286	830 052	1 599 032	1 803 356	1 956 967
B	LIM355 Lepele-Nkumpi	202 533	215 623	226 945	275 819	293 443	309 064
C	DC35 Capricorn District Municipality	522 710	536 271	582 579	931 841	907 318	1 023 917
Total: Capricorn Municipalities		1 674 891	1 798 308	1 942 734	3 255 722	3 453 111	3 753 842
B	LIM361 Thabazimbi	61 051	62 830	68 436	118 694	148 150	158 910
B	LIM362 Lephalale	94 514	104 374	115 258	234 625	273 002	283 693
B	LIM366 Bela-Bela	68 411	76 060	83 392	153 387	159 735	188 121
B	LIM367 Mogalakwena	348 115	374 756	400 616	781 318	828 288	913 112
B	LIM368 LIM368	92 547	94 268	101 220	222 824	205 790	211 627
C	DC36 Waterberg District Municipality	113 277	117 310	121 822	118 566	122 188	124 955
Total: Waterberg Municipalities		777 915	829 598	890 744	1 629 414	1 737 153	1 880 418
B	LIM471 Ephraim Mogale	117 556	127 003	135 210	161 401	172 927	182 920
B	LIM472 Elias Motsoaledi	210 385	226 153	240 397	287 077	303 358	322 331
B	LIM473 Makhuduthamaga	225 123	240 496	254 456	356 974	373 712	395 497
B	LIM476 LIM476	307 760	335 688	360 690	524 859	550 928	578 163
C	DC47 Sekhukhune District Municipality	600 889	675 180	743 764	1 580 149	1 777 376	1 988 894
Total: Sekhukhune Municipalities		1 461 713	1 604 520	1 734 517	2 910 460	3 178 301	3 467 805
Total: Limpopo Municipalities		7 211 238	7 872 698	8 486 877	13 589 197	14 564 006	15 659 276
MPUMALANGA							
B	MP301 Albert Luthuli	233 446	252 915	269 960	363 518	369 849	394 263
B	MP302 Msukaligwa	121 443	132 341	145 011	205 758	207 821	246 312
B	MP303 Mkhondo	166 350	183 804	198 712	287 965	315 214	338 478
B	MP304 Pixley Ka Seme	91 996	94 143	99 914	130 659	135 206	141 790
B	MP305 Lekwa	86 239	91 625	99 329	136 008	130 479	137 041
B	MP306 Dipaleseng	54 345	58 169	62 746	88 523	92 589	98 656
B	MP307 Govan Mbeki	199 430	210 061	231 674	282 867	309 452	332 036
C	DC30 Gert Sibande District Municipality	275 755	280 414	289 248	385 082	378 874	430 943
Total: Gert Sibande Municipalities		1 229 004	1 303 472	1 396 594	1 880 380	1 939 484	2 119 519
B	MP311 Victor Khanye	72 949	81 159	89 261	165 962	161 227	132 136
B	MP312 Emalahleni	255 989	291 115	326 355	503 019	495 826	555 259
B	MP313 Steve Tshwete	136 037	157 665	178 776	190 509	221 808	240 969
B	MP314 Emakhazeni	51 837	57 026	62 041	90 239	86 589	88 000
B	MP315 Thembisile Hani	313 317	343 875	370 908	523 394	542 929	636 299
B	MP316 Dr JS Moroka	314 608	335 539	356 458	460 045	490 676	520 776
C	DC31 Nkangala District Municipality	333 667	341 509	352 641	379 311	394 939	419 085
Total: Nkangala Municipalities		1 478 404	1 607 888	1 736 440	2 312 479	2 393 994	2 592 524
B	MP321 Thaba Chweu	115 054	129 268	142 895	216 321	232 384	264 677
B	MP324 Nkomazi	447 689	494 138	534 377	808 728	895 029	938 586
B	MP325 Bushbuckridge	647 298	701 918	752 721	1 546 734	1 443 096	1 616 076
B	MP326 MP326	556 020	621 740	683 247	1 345 257	1 455 642	1 584 920
C	DC32 Ehlanzeni District Municipality	221 660	230 632	239 970	367 311	345 884	410 161
Total: Ehlanzeni Municipalities		1 987 721	2 177 696	2 353 210	4 284 351	4 372 035	4 814 420
Total: Mpumalanga Municipalities		4 695 129	5 089 056	5 486 244	8 477 210	8 705 513	9 526 463

**ANNEXURE W7
EQUITABLE SHARE AND TOTAL ALLOCATIONS TO MUNICIPALITIES**

Category Municipality		EQUITABLE SHARE ¹			TOTAL ALLOCATIONS TO MUNICIPALITIES		
		National and Municipal Financial Year			National and Municipal Financial Year		
		2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)
NORTHERN CAPE							
B	NC061 Richtersveld	13 498	14 121	15 228	40 681	45 276	26 691
B	NC062 Nama Khoi	38 318	40 620	43 792	55 055	60 606	62 643
B	NC064 Kamiesberg	18 175	19 424	20 555	29 591	29 388	31 936
B	NC065 Hantam	20 774	21 123	22 656	54 918	61 969	68 787
B	NC066 Karoo Hoogland	16 678	17 976	19 342	28 847	44 043	57 200
B	NC067 Khâi-Ma	15 552	16 753	18 053	33 807	28 498	29 229
C	DC6 Namakwa District Municipality	35 436	36 038	37 303	40 353	40 088	44 872
Total: Namakwa Municipalities		158 431	166 055	176 929	283 252	309 868	321 358
B	NC071 Ubuntu	25 817	27 867	29 807	38 156	42 865	43 876
B	NC072 Umsobomvu	36 658	39 317	42 376	67 859	65 323	63 576
B	NC073 Emthanjeni	36 197	36 886	39 607	91 327	68 235	69 342
B	NC074 Kareeberg	18 919	20 539	22 002	45 413	50 556	72 767
B	NC075 Renosterberg	18 733	19 936	21 212	29 880	30 825	32 514
B	NC076 Thembelihle	19 367	20 676	21 982	37 111	32 585	34 429
B	NC077 Siyathemba	25 732	27 709	29 818	53 871	40 795	43 179
B	NC078 Siyancuma	39 977	40 622	42 724	78 194	63 348	65 529
C	DC7 Pixley Ka Seme District Municipality	35 824	37 353	38 849	41 047	41 725	46 741
Total: Pixley Ka Seme Municipalities		257 224	270 905	288 377	482 858	436 257	471 953
B	NC082 !Kai !Garib	54 787	57 965	62 559	84 826	135 099	90 863
B	NC084 !Kheis	20 223	21 359	22 524	33 435	39 543	41 324
B	NC085 Tsantsabane	30 151	32 515	35 639	57 793	61 294	65 126
B	NC086 Kgatelopele	17 858	19 385	21 210	30 791	32 637	32 624
B	NC087 NC087	69 707	70 917	77 173	180 828	111 329	110 564
C	DC8 Z.F. Mgcawu District Municipality	51 034	52 765	54 726	55 968	56 837	61 813
Total: ZF Mgcawu Municipalities		243 760	254 906	273 831	443 641	436 739	402 314
B	NC091 Sol Plaatjie	144 171	146 972	159 833	234 222	254 436	262 040
B	NC092 Dikgatlong	60 379	64 768	69 100	115 731	99 947	102 985
B	NC093 Magareng	35 300	36 883	38 948	72 812	57 637	53 818
B	NC094 Phokwane	79 307	83 288	88 002	109 468	114 035	119 569
C	DC9 Frances Baard District Municipality	105 416	112 225	115 790	110 093	116 023	122 603
Total: Frances Baard Municipalities		424 573	444 136	471 673	642 326	642 078	661 015
B	NC451 Joe Morolong	115 068	123 042	129 952	272 810	309 332	341 917
B	NC452 Ga-Segonyana	117 413	130 941	143 078	296 780	355 303	367 559
B	NC453 Gamagara	25 352	28 577	32 601	69 546	174 364	171 648
C	DC45 John Taolo Gaetsewe District Municipality	66 326	69 303	74 709	74 440	77 304	81 274
Total: John Taolo Gaetsewe Municipalities		324 159	351 863	380 340	713 576	916 303	962 398
Total: Northern Cape Municipalities		1 408 147	1 487 865	1 591 150	2 565 653	2 741 245	2 819 038
NORTH WEST							
B	NW371 Moretele	263 905	284 189	300 583	481 135	536 502	633 627
B	NW372 Madibeng	506 149	576 167	638 352	1 046 878	1 150 034	1 072 074
B	NW373 Rustenburg	451 980	521 872	585 878	1 044 442	1 221 635	1 337 069
B	NW374 Kgetlengrivier	62 494	68 606	74 308	124 788	165 660	102 769
B	NW375 Moses Kotane	333 265	356 936	378 817	524 145	602 146	627 387
C	DC37 Bojanala Platinum District Municipality	302 943	314 955	327 482	313 966	320 126	340 907
Total: Bojanala Platinum Municipalities		1 920 736	2 122 725	2 305 420	3 535 354	3 996 103	4 113 833
B	NW381 Ratlou	96 861	101 654	106 254	156 657	148 230	155 230
B	NW382 Tswaing	85 712	90 202	94 890	124 603	132 060	138 098
B	NW383 Mafikeng	178 390	191 051	202 578	269 473	282 351	292 831
B	NW384 Ditsobotla	89 941	94 228	99 879	140 449	149 139	153 526
B	NW385 Ramotshere Moiloa	126 139	134 073	141 077	172 348	187 717	194 514
C	DC38 Ngaka Modiri Molema District Municipality	551 315	602 830	655 044	1 016 995	1 117 249	1 189 893
Total: Ngaka Modiri Molema Municipalities		1 128 358	1 214 038	1 299 722	1 880 525	2 016 746	2 124 092
B	NW392 Naledi	41 201	43 350	46 003	82 428	75 110	77 987
B	NW393 Mamusa	45 162	48 260	51 186	90 344	90 577	94 997
B	NW394 Greater Taung	164 554	174 128	181 984	227 846	240 526	252 660
B	NW396 Lekwa-Teemane	39 260	42 003	44 677	82 786	67 301	64 858
B	NW397 Kagisano-Molopo	99 646	104 763	109 346	162 195	177 434	182 295
C	DC39 Dr Ruth Segomotsi Mompati District Municipality	282 287	311 460	336 816	614 897	680 725	742 752
Total: Dr Ruth Segomotsi Mompati Municipalities		672 110	723 964	770 012	1 260 496	1 331 673	1 415 549
B	NW403 City of Matlosana	342 855	352 222	381 749	476 061	490 876	523 118
B	NW404 Maquassi Hills	94 022	98 632	104 790	185 523	132 856	151 834
B	NW405 NW405	187 990	210 644	232 712	296 682	338 414	363 822
C	DC40 Dr Kenneth Kaunda District Municipality	169 319	173 593	179 390	174 290	177 197	186 009
Total: Dr Kenneth Kaunda Municipalities		794 186	835 091	898 641	1 132 556	1 139 343	1 224 783
Total: North West Municipalities		4 515 390	4 895 818	5 273 795	7 808 931	8 483 865	8 878 257

ANNEXURE W7
EQUITABLE SHARE AND TOTAL ALLOCATIONS TO MUNICIPALITIES

Category		EQUITABLE SHARE ¹			TOTAL ALLOCATIONS TO MUNICIPALITIES		
		National and Municipal Financial Year			National and Municipal Financial Year		
		2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)
WESTERN CAPE							
A	CPT City of Cape Town	2 012 945	2 283 323	2 512 279	4 544 893	4 882 792	5 233 340
B	WC011 Matzikama	44 100	47 521	51 433	70 091	73 366	98 549
B	WC012 Cederberg	37 173	40 782	44 122	110 153	94 589	92 937
B	WC013 Berggrivier	33 341	37 095	40 634	51 924	56 531	63 442
B	WC014 Saldanha Bay	62 832	71 386	78 880	85 970	95 790	106 204
B	WC015 Swartland	59 275	69 364	77 708	89 286	93 446	112 874
C	DC1 West Coast District Municipality	82 194	84 904	87 900	86 904	88 699	94 710
Total: West Coast Municipalities		318 915	351 052	380 677	494 328	502 421	568 716
B	WC022 Witzenberg	59 734	66 184	72 400	116 888	97 277	105 048
B	WC023 Drakenstein	106 240	118 687	130 011	155 809	161 523	184 831
B	WC024 Stellenbosch	95 982	110 707	122 558	179 171	162 832	174 639
B	WC025 Breede Valley	88 524	97 573	106 043	148 765	158 708	172 109
B	WC026 Langeberg	60 461	64 381	69 413	85 923	89 378	94 491
C	DC2 Cape Winelands District Municipality	220 870	224 336	231 221	225 803	228 403	238 303
Total: Cape Winelands Municipalities		631 811	681 868	731 646	912 359	898 121	969 421
B	WC031 Theewaterskloof	69 861	76 742	83 058	108 809	117 331	124 295
B	WC032 Overstrand	72 950	83 030	91 433	102 377	111 030	122 514
B	WC033 Cape Agulhas	23 075	25 256	27 334	37 261	39 966	42 426
B	WC034 Swellendam	24 012	26 156	28 424	47 228	41 997	47 723
C	DC3 Overberg District Municipality	52 163	54 179	56 194	56 840	57 977	63 007
Total: Overberg Municipalities		242 061	265 363	286 443	352 515	368 301	399 965
B	WC041 Kannaland	22 940	23 893	25 178	80 720	96 099	81 054
B	WC042 Hessequa	34 558	37 736	40 850	83 257	55 283	58 954
B	WC043 Mossel Bay	70 874	79 267	86 544	108 651	114 001	130 532
B	WC044 George	109 872	122 075	134 007	273 379	296 010	293 700
B	WC045 Oudtshoorn	58 194	63 037	67 635	111 418	130 436	151 787
B	WC047 Bitou	64 235	74 567	83 036	94 832	104 682	111 116
B	WC048 Knysna	62 982	71 037	77 629	107 641	142 136	159 002
C	DC4 Eden District Municipality	142 094	146 043	150 876	146 708	149 775	157 623
Total: Eden Municipalities		565 749	617 655	665 755	1 006 606	1 088 422	1 143 768
B	WC051 Laingsburg	12 526	13 360	14 178	23 590	30 848	25 529
B	WC052 Prince Albert	16 192	17 634	18 923	27 052	30 987	31 439
B	WC053 Beaufort West	46 569	50 393	53 988	80 425	87 599	88 314
C	DC5 Central Karoo District Municipality	19 416	20 412	21 258	23 532	23 621	27 492
Total: Central Karoo Municipalities		94 703	101 799	108 347	154 599	173 055	172 774
Total: Western Cape Municipalities		3 866 184	4 301 060	4 685 147	7 465 300	7 913 112	8 487 984
Unallocated					269 922	1 316 708	1 428 576
National Total		52 568 706	57 012 141	61 731 845	101 204 479	107 638 685	115 093 134

1. Includes equitable share formula allocations, RSC levies replacement and special contribution towards Councillor remuneration, but excludes the sharing of the general fuel levy with metropolitan municipalities. (See Appendix W1)

APPENDIX W1

APPENDIX TO SCHEDULE 3: EQUITABLE SHARE ALLOCATIONS TO MUNICIPALITIES

**(EQUITABLE SHARE FORMULA ALLOCATIONS + RSC LEVIES REPLACEMENT + SPECIAL SUPPORT FOR COUNCILLOR
REMUNERATION AND WARD COMMITTEES + BREAKDOWN OF EQUITABLE SHARE ALLOCATIONS PER LOCAL
MUNICIPALITY PER SERVICE FOR DISTRICT MUNICIPALITIES AUTHORISED FOR SERVICES)**

(National and Municipal Financial Years)

APPENDIX W1
APPENDIX TO SCHEDULE 3: EQUITABLE SHARE ALLOCATIONS TO MUNICIPALITIES
(EQUITABLE SHARE FORMULA ALLOCATIONS + RSC LEVIES REPLACEMENT + SPECIAL SUPPORT FOR COUNCILLOR REMUNERATION AND WARD COMMITTEES +
BREAKDOWN OF EQUITABLE SHARE ALLOCATIONS PER LOCAL MUNICIPALITY PER SERVICE FOR DISTRICT MUNICIPALITIES AUTHORISED FOR SERVICES)

Category			Equitable Share Formula			RSC Levies Replacement			Special Support for Councillor Remuneration and Ward Committees			BREAKDOWN OF EQUITABLE SHARE FOR DISTRICT MUNICIPALITIES AUTHORISED FOR SERVICES								
			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year								
			2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	Water 2016/17 (R'000)	Sanitation 2016/17 (R'000)	Refuse	Water 2017/18 (R'000)	Sanitation 2017/18 (R'000)	Refuse	Water 2018/19 (R'000)	Sanitation 2018/19 (R'000)	Refuse
EASTERN CAPE																				
A	BUF	Buffalo City	678 197	703 602	760 226															
A	NMA	Nelson Mandela Bay	798 043	843 509	921 857															
B	EC101	EC101	79 083	72 687	77 546				5 158	5 409	5 674									
B	EC102	Blue Crane Route	42 470	43 441	45 831				2 243	2 352	2 467									
B	EC104	Makana	71 850	75 056	80 570				5 158	5 409	5 674									
B	EC105	Ndlambe	73 025	79 314	85 502				3 799	3 984	4 181									
B	EC106	Sundays River Valley	56 279	62 421	67 905				3 039	3 187	3 344									
B	EC108	Kouga	86 084	98 152	108 473				5 538	5 807	6 092									
B	EC109	Kou-Kamma	37 517	40 629	43 635				2 243	2 352	2 467									
C	DC10	Sarah Baartman District Municipality	21 420	22 706	23 905	60 594	62 184	64 080												
Total: Sarah Baartman Municipalities			467 728	494 406	533 367	60 594	62 184	64 080	27 178	28 500	29 899									
B	EC121	Mbashe	198 064	210 568	220 153				11 996	12 580	13 199	64 036	50 862		70 179	54 852		76 367	58 724	
B	EC122	Mnquma	210 130	219 926	229 188				11 776	12 351	12 960	67 176	53 355		73 333	57 316		79 486	61 123	
B	EC123	Great Kei	36 812	31 493	32 705				2 645	2 774	2 911	7 400	5 878		8 015	6 265		8 619	6 628	
B	EC124	Amahlathi	108 082	92 531	96 132				5 698	5 976	6 271	26 916	21 379		29 246	22 858		31 552	24 262	
B	EC126	Nqushwa	72 429	70 933	73 649				4 399	4 612	4 838	19 891	15 799		21 580	16 867		23 247	17 876	
B	EC129	EC129	138 708	142 366	148 562				8 737	9 164	9 615	41 136	32 673		45 009	35 178		48 897	37 600	
C	DC12	Amathole District Municipality	415 874	440 697	474 380	315 116	339 917	371 014												
Total: Amathole Municipalities			1 180 099	1 208 514	1 274 769	315 116	339 917	371 014	45 251	47 457	49 794	226 555	179 946		247 362	193 336		268 168	206 213	
B	EC131	Inxuba Yethemba	36 005	34 979	37 127				3 419	3 586	3 762	14 745	11 711		16 242	12 695		17 765	13 661	
B	EC135	Intsika Yethu	137 337	145 558	152 258				7 977	8 367	8 779	44 258	35 153		48 504	37 911		52 781	40 587	
B	EC136	Emalahleni	108 141	115 070	120 843				6 458	6 773	7 107	33 973	26 984		37 431	29 256		40 948	31 488	
B	EC137	Engobo	123 007	130 750	136 804				7 875	8 262	8 672	39 089	31 047		42 863	33 501		46 668	35 886	
B	EC138	Sukhisiwe	54 647	57 426	59 939				3 259	3 417	3 583	15 420	12 247		16 856	13 174		18 295	14 069	
B	EC139	EC139	167 232	165 668	175 285				62 347	49 520	68 835	62 347	49 520		68 835	53 801		75 459	58 026	
C	DC13	Chris Hani District Municipality	418 232	457 580	494 351	67 086	72 366	78 986												
Total: Chris Hani Municipalities			1 044 591	1 107 031	1 176 607	67 086	72 366	78 986	28 988	30 405	31 903	209 832	166 662		230 731	180 338		251 916	193 717	
B	EC141	Elundini	122 612	131 038	137 615				6 458	6 773	7 107	40 562	32 217		44 641	34 891		48 783	37 513	
B	EC142	Senqu	123 344	129 972	136 241				6 458	6 773	7 107	39 729	31 555		43 642	34 110		47 600	36 603	
B	EC145	EC145	47 523	44 808	47 808				4 425	4 644	4 875	18 693	14 847		20 730	16 203		22 827	17 553	
C	DC14	Joe Gqabi District Municipality	202 304	221 061	239 030	21 317	22 994	25 098												
Total: Joe Gqabi Municipalities			495 783	526 879	560 694	21 317	22 994	25 098	17 341	18 190	19 089	98 984	78 619		109 013	85 204		119 210	91 669	
B	EC153	Nguza Hill	183 949	195 846	204 994				11 996	12 580	13 199	58 001	46 068		63 694	49 783		69 449	53 404	
B	EC154	Port St Johns	110 224	117 190	122 571				7 438	7 799	8 182	34 217	27 177		37 512	29 320		40 834	31 400	
B	EC155	Nyandeni	201 074	213 844	224 240				11 996	12 580	13 199	65 630	52 128		72 169	56 407		78 798	60 593	
B	EC156	Mhlontlo	144 596	151 417	157 099				9 717	10 190	10 690	44 532	35 370		48 335	37 779		52 092	40 057	
B	EC157	King Sabata Dalindyebo	249 468	265 719	280 838							98 965	78 605		109 200	85 350		119 639	91 999	
C	DC15	O.R Tambo District Municipality	593 339	651 503	703 206	75 964	81 942	89 439												
Total: O.R Tambo Municipalities			1 482 650	1 595 519	1 692 948	75 964	81 942	89 439	41 147	43 149	45 270	301 345	239 348		330 910	258 639		360 812	277 453	
B	EC441	Matatiele	160 549	169 535	176 857				9 717	10 190	10 690	51 526	40 925		56 293	43 998		61 065	46 957	
B	EC442	Umtuzvubu	152 895	160 177	166 359				10 097	10 588	11 108	47 249	37 528		51 360	40 142		55 432	42 626	
B	EC443	Mbizana	164 134	172 670	179 913				11 776	12 351	12 960	49 918	39 648		54 512	42 607		59 108	45 453	
B	EC444	Ntabankulu	86 488	90 205	93 476				6 839	7 177	7 534	24 917	19 791		26 986	21 092		29 020	22 316	
C	DC44	Alfred Nzo District Municipality	350 508	378 271	405 051	36 539	39 415	43 021												
Total: Alfred Nzo Municipalities			914 574	970 858	1 021 656	36 539	39 415	43 021	38 429	40 306	42 292	173 610	137 892		189 151	147 839		204 625	157 352	
Total: Eastern Cape Municipalities			7 061 665	7 450 318	7 942 124	576 616	618 818	671 638	198 334	208 007	218 247	1 010 326	802 467		1 107 167	865 356		1 204 731	926 404	

APPENDIX W1
APPENDIX TO SCHEDULE 3: EQUITABLE SHARE ALLOCATIONS TO MUNICIPALITIES
(EQUITABLE SHARE FORMULA ALLOCATIONS + RSC LEVIES REPLACEMENT + SPECIAL SUPPORT FOR COUNCILLOR REMUNERATION AND WARD COMMITTEES +
BREAKDOWN OF EQUITABLE SHARE ALLOCATIONS PER LOCAL MUNICIPALITY PER SERVICE FOR DISTRICT MUNICIPALITIES AUTHORISED FOR SERVICES)

Category		Equitable Share Formula			RSC Levies Replacement			Special Support for Councillor Remuneration and Ward Committees			BREAKDOWN OF EQUITABLE SHARE FOR DISTRICT MUNICIPALITIES AUTHORISED FOR SERVICES								
		National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year								
		2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	Water 2016/17 (R'000)	Sanitation 2016/17 (R'000)	Refuse 2016/17 (R'000)	Water 2017/18 (R'000)	Sanitation 2017/18 (R'000)	Refuse 2017/18 (R'000)	Water 2018/19 (R'000)	Sanitation 2018/19 (R'000)	Refuse 2018/19 (R'000)
FREE STATE																			
A	MAN Mangaung	629 731	644 493	709 316															
B	FS161 Letsemeng	45 159	43 339	45 802						2 243	2 352	2 467							
B	FS162 Kopanong	67 603	60 257	63 492						3 047	3 196	3 354							
B	FS163 Mphokare	52 229	53 249	57 093						2 243	2 352	2 467							
C	DC16 Xhariep District Municipality	14 773	15 381	16 047	12 407	12 733	13 121			2 559	2 707	2 864							
Total: Xhariep Municipalities		179 764	172 226	182 434	12 407	12 733	13 121	10 092	10 607	11 152									
B	FS181 Masiyanya	79 723	78 909	83 489						3 639	3 815	4 002							
B	FS182 Tokologo	41 815	41 397	43 808						1 609	1 689	1 773							
B	FS183 Tswelopele	56 542	54 532	57 557						3 047	3 196	3 354							
B	FS184 Matjhabeng	385 851	373 021	400 033															
B	FS185 Nala	103 715	92 457	97 234						4 558	4 781	5 017							
C	DC18 Lejweleputswa District Municipality	29 027	29 919	31 302	82 700	84 870	87 458												
Total: Lejweleputswa Municipalities		696 673	670 235	713 423	82 700	84 870	87 458	12 883	13 481	14 146									
B	FS191 Setsoto	152 477	148 723	158 311						6 298	6 604	6 928							
B	FS192 Dhlabeng	124 304	126 276	136 743															
B	FS193 Nketoana	75 635	76 070	81 806						3 419	3 586	3 762							
B	FS194 Maluti-a-Phofung	458 097	492 281	526 299															
B	FS195 Phumelela	56 783	57 473	61 243						3 047	3 196	3 354							
B	FS196 Mantsopa	64 489	64 503	69 019						3 259	3 417	3 583							
C	DC19 Thabo Mofutsanyana District Municipality	42 259	44 743	47 050	55 465	56 920	58 655												
Total: Thabo Mofutsanyana Municipalities		974 044	1 010 069	1 080 471	55 465	56 920	58 655	16 023	16 803	17 627									
B	FS201 Moghaka	158 519	160 019	171 963															
B	FS203 Ngwathe	157 639	161 424	173 705															
B	FS204 Metsimaholo	125 978	140 738	155 882															
B	FS205 Mafube	73 955	74 483	79 865						3 259	3 417	3 583							
C	DC20 Fezile Dabi District Municipality	9 740	8 358	8 818	132 438	135 912	140 057												
Total: Fezile Dabi Municipalities		525 831	545 022	590 233	132 438	135 912	140 057	3 259	3 417	3 583									
Total: Free State Municipalities		3 006 043	3 042 045	3 275 877	283 010	290 435	299 291	42 227	44 308	46 508									
GAUTENG																			
A	EKU Ekurhuleni	2 381 367	2 662 137	2 950 523															
A	JHB City of Johannesburg	3 182 318	3 607 991	4 017 148															
A	TSH City of Tshwane	1 864 838	2 148 143	2 404 418															
B	GT421 Emfuleni	608 581	628 257	684 683															
B	GT422 Midvaal	70 863	80 912	90 733						5 538	5 807	6 092							
B	GT423 Lesedi	87 248	99 357	111 033						4 938	5 180	5 435							
C	DC42 Sedibeng District Municipality	19 146	18 599	19 703	231 736	237 815	245 067												
Total: Sedibeng Municipalities		785 838	827 125	906 152	231 736	237 815	245 067	10 476	10 987	11 527									
B	GT481 Mogale City	285 456	320 490	355 627															
B	GT484 Merafong City	162 952	159 408	173 714															
B	GT485 GT485	216 728	233 219	255 651															
C	DC48 West Rand District Municipality	30 273	31 275	33 200	158 599	162 759	167 723												
Total: West Rand Municipalities		695 409	744 392	818 192	158 599	162 759	167 723												
Total: Gauteng Municipalities		8 909 770	9 989 788	11 096 433	390 335	400 574	412 790	10 476	10 987	11 527									

APPENDIX W1
APPENDIX TO SCHEDULE 3: EQUITABLE SHARE ALLOCATIONS TO MUNICIPALITIES
(EQUITABLE SHARE FORMULA ALLOCATIONS + RSC LEVIES REPLACEMENT + SPECIAL SUPPORT FOR COUNCILLOR REMUNERATION AND WARD COMMITTEES +
BREAKDOWN OF EQUITABLE SHARE ALLOCATIONS PER LOCAL MUNICIPALITY PER SERVICE FOR DISTRICT MUNICIPALITIES AUTHORISED FOR SERVICES)

Category		Municipality		Equitable Share Formula			RSC Levies Replacement			Special Support for Councillor Remuneration and Ward Committees			BREAKDOWN OF EQUITABLE SHARE FOR DISTRICT MUNICIPALITIES AUTHORISED FOR SERVICES																								
				National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year																								
				2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	Water	Sanitation	Refuse	Water	Sanitation	Refuse	Water	Sanitation	Refuse																
				2016/17 (R'000)			2016/17 (R'000)			2016/17 (R'000)			2016/17 (R'000)			2016/17 (R'000)			2016/17 (R'000)			2016/17 (R'000)			2016/17 (R'000)			2016/17 (R'000)			2016/17 (R'000)						
KWAZULU-NATAL																																					
A	ETH eThekweni	2 319 380	2 576 367	2 829 662																																	
B	KZN212 KZN212	114 086	109 386	116 512				7 058	7 401	7 764	33 212	26 379		37 217	29 088		41 409	31 842																			
B	KZN213 Umzimbe	111 613	115 005	119 238				7 875	8 262	8 672	32 792	26 046		35 564	27 797		38 297	29 449																			
B	KZN214 uMuziwabathu	72 578	77 864	82 120				3 799	3 984	4 181	22 414	17 803		24 824	19 402		27 297	20 990																			
B	KZN216 KZN216	165 774	180 940	195 507							73 636	58 486		82 969	64 848		92 823	71 379																			
C	DC21 Ugu District Municipality	320 856	357 130	390 909	63 873	68 900	75 204																														
Total: Ugu Municipalities				784 907	840 325	904 286	63 873	68 900	75 204	18 732	19 647	20 617	162 054	128 714		180 574	141 135		199 826	153 660																	
B	KZN221 uMshwathi	78 321	83 844	89 025				5 158	5 409	5 674	28 054	22 282		31 198	24 384		34 449	26 490																			
B	KZN222 uMgeni	44 927	50 298	55 406				4 399	4 612	4 838	25 546	20 290		29 064	22 716		32 832	25 247																			
B	KZN223 Mpofana	25 853	26 888	28 289				1 840	1 930	2 024	8 770	6 966		9 616	7 516		10 468	8 050																			
B	KZN224 Impendle	29 802	30 505	31 912				1 547	1 623	1 703	7 763	6 166		8 483	6 630		9 204	7 078																			
B	KZN225 Msunduzi	432 307	480 046	527 315				2 659	2 789	2 926	13 643	10 836		15 219	11 895		16 856	12 962																			
B	KZN226 Mkhambathini	47 524	48 310	51 258				2 659	2 789	2 926	17 129	13 605		19 241	15 039		21 461	16 503																			
B	KZN227 Richmond	52 966	57 830	61 764				2 659	2 789	2 926																											
C	DC22 Umngungundlovu District Municipality	204 282	226 320	248 468	224 080	241 716	263 830																														
Total: Umngungundlovu Municipalities				915 982	1 004 041	1 093 437	224 080	241 716	263 830	18 262	19 152	20 091	100 905	80 145		112 821	88 180		125 270	96 330																	
B	KZN235 Okhahlamba	91 394	96 486	100 938				5 538	5 807	6 092	27 463	21 813		30 129	23 548		32 819	25 237																			
B	KZN237 KZN237	126 026	133 536	141 005				8 737	9 164	9 615	40 321	32 025		44 723	34 955		49 254	37 875																			
B	KZN238 KZN238	183 739	189 339	200 109							71 015	56 405		78 322	61 216		85 769	65 954																			
C	DC23 Uthukela District Municipality	279 315	304 716	330 343	47 937	51 710	56 441	5 118	5 415	5 729																											
Total: Uthukela Municipalities				680 474	724 077	772 395	47 937	51 710	56 441	19 393	20 386	21 436	138 799	110 243		153 174	119 719		167 842	129 066																	
B	KZN241 Endumeni	33 914	34 286	37 189				2 499	2 620	2 747	14 346	11 394		16 196	12 658		18 154	13 960																			
B	KZN242 Nqutu	103 958	110 091	115 534				6 298	6 604	6 928	31 250	24 821		34 439	26 917		37 684	28 978																			
B	KZN244 Msinga	123 794	130 938	138 577				7 241	7 599	7 977	39 403	31 296		43 818	34 248		48 382	37 205																			
B	KZN245 Umvoti	89 628	100 105	107 491				5 158	5 409	5 674	32 345	25 691		36 497	28 526		40 890	31 444																			
C	DC24 Umzinyathi District Municipality	234 801	261 862	286 855	28 731	30 992	33 828																														
Total: Umzinyathi Municipalities				586 095	637 282	685 646	28 731	30 992	33 828	21 196	22 232	23 326	117 344	93 202		130 950	102 349		145 110	111 587																	
B	KZN252 Newcastle	306 952	324 247	350 776																																	
B	KZN253 Emadlangeni	21 329	22 929	23 980				2 243	2 352	2 467	5 164	4 101		5 654	4 419		6 147	4 727																			
B	KZN254 Dannhauser	70 916	75 171	78 721				4 778	5 010	5 256	19 922	15 823		21 911	17 125		23 927	18 399																			
C	DC25 Amajuba District Municipality	63 222	68 209	73 303	65 938	71 128	77 635																														
Total: Amajuba Municipalities				462 419	490 556	526 780	65 938	71 128	77 635	7 021	7 362	7 723	25 086	19 924		27 565	21 544		30 074	23 126																	
B	KZN261 eDumbe	54 861	58 200	61 073				3 039	3 187	3 344	15 784	12 536		17 378	13 583		18 998	14 609																			
B	KZN262 uPhongolo	92 262	98 723	104 309				5 538	5 807	6 092	28 917	22 968		32 106	25 094		35 394	27 217																			
B	KZN263 Abaqulusi	107 884	115 710	123 222							41 147	32 681		45 847	35 834		50 723	39 004																			
B	KZN265 Nongoma	113 069	120 182	126 002				7 977	8 367	8 779	31 964	25 388		35 255	27 555		38 611	29 690																			
B	KZN266 Ulundi	115 503	121 766	127 104				8 957	9 393	9 854	30 871	24 520		33 896	26 493		36 953	28 416																			
C	DC26 Zululand District Municipality	299 359	328 401	356 781	48 475	52 290	57 074																														
Total: Zululand Municipalities				782 938	842 982	898 491	48 475	52 290	57 074	25 511	26 754	28 069	148 683	118 093		164 482	128 559		180 679	138 936																	
B	KZN271 Umhlabuyalingana	115 780	126 783	135 046				6 678	7 002	7 346	37 312	29 635		41 851	32 711		46 610	35 842																			
B	KZN272 Jozini	127 248	136 890	144 471				7 597	7 969	8 361	39 532	31 399		43 873	34 291		48 346	37 177																			
B	KZN275 Mthabatha	112 731	124 769	133 616				7 597	7 969	8 361	34 623	27 500		39 182	30 625		44 028	33 856																			
B	KZN276 KZN276	74 320	77 718	82 251				5 059	5 307	5 570	20 370	16 179		22 734	17 769		25 192	19 372																			
C	DC27 Umkhanyakude District Municipality	262 854	295 870	325 125	29 292	31 597	34 487																														
Total: Umkhanyakude Municipalities				692 933	762 030	820 509	29 292	31 597	34 487	26 931	28 247	29 638	131 837	104 713		147 640	115 396		164 176	126 247						</											

APPENDIX W1
APPENDIX TO SCHEDULE 3: EQUITABLE SHARE ALLOCATIONS TO MUNICIPALITIES
(EQUITABLE SHARE FORMULA ALLOCATIONS + RSC LEVIES REPLACEMENT + SPECIAL SUPPORT FOR COUNCILLOR REMUNERATION AND WARD COMMITTEES +
BREAKDOWN OF EQUITABLE SHARE ALLOCATIONS PER LOCAL MUNICIPALITY PER SERVICE FOR DISTRICT MUNICIPALITIES AUTHORISED FOR SERVICES)

Category Municipality		Equitable Share Formula			RSC Levies Replacement			Special Support for Councillor Remuneration and Ward Committees			BREAKDOWN OF EQUITABLE SHARE FOR DISTRICT MUNICIPALITIES AUTHORISED FOR SERVICES								
		National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year								
		2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	Water 2016/17 (R'000)	Sanitation 2016/17 (R'000)	Refuse	Water 2017/18 (R'000)	Sanitation 2017/18 (R'000)	Refuse	Water 2018/19 (R'000)	Sanitation 2018/19 (R'000)	Refuse
LIMPOPO																			
B	LIM331 Greater Giyani	207 532	222 136	234 621							11 776	12 351	12 960				67 679	53 755	75 098
B	LIM332 Greater Letaba	194 903	207 399	218 682							11 396	11 953	12 542				63 510	50 444	70 312
B	LIM333 Greater Tzaneen	291 141	312 958	333 719													110 859	88 051	123 743
B	LIM334 Ba-Phalaborwa	103 177	112 101	119 551							7 058	7 401	7 764				35 393	28 111	39 659
B	LIM335 Maruleng	86 171	92 495	97 763							5 158	5 409	5 674				26 508	21 054	29 458
C	DC33 Mopani District Municipality	590 928	657 637	719 391	95 705	103 237	112 682												
Total: Mopani Municipalities		1 473 852	1 604 726	1 723 727	95 705	103 237	112 682	35 388	37 114	38 940	303 949	241 415		338 270	264 389		373 805	287 445	
B	LIM341 LIM341	82 876	94 507	102 921							4 558	4 781	5 017				33 264	26 421	38 011
B	LIM343 LIM343	321 717	346 631	368 241							15 415	16 166	16 961				116 480	92 516	129 723
B	LIM344 Makhado	275 985	296 533	315 879													104 493	82 995	116 537
B	LIM345 LIM345	233 732	292 218	309 476							13 515	14 174	14 871				93 983	74 648	104 449
C	DC34 Vhembe District Municipality	681 784	763 099	836 943	62 192	67 086	73 224												
Total: Vhembe Municipalities		1 596 094	1 792 988	1 933 460	62 192	67 086	73 224	33 488	35 121	36 849	348 220	276 580		388 720	303 821		430 880	331 335	
B	LIM351 LIM351	146 821	155 711	163 406							8 357	8 765	9 197				47 454	37 691	52 220
B	LIM353 LIM353	112 678	118 277	123 866							6 078	6 375	6 689				35 376	28 098	38 832
B	LIM354 LIM354	675 714	757 286	830 052															
B	LIM355 Lepele-Nkumpi	191 137	203 670	214 403							11 396	11 953	12 542				59 739	47 449	66 096
C	DC35 Capricorn District Municipality	327 211	325 386	352 401	195 499	210 885	230 178												
Total: Capricorn Municipalities		1 453 561	1 560 330	1 684 128	195 499	210 885	230 178	25 831	27 093	28 428	142 569	113 238		157 148	122 826		171 990	132 255	
B	LIM361 Thabazimbi	56 652	58 218	63 598							4 399	4 612	4 838						
B	LIM362 Lephalele	94 514	104 374	115 258															
B	LIM366 Bela-Bela	65 152	72 643	79 809							3 259	3 417	3 583						
B	LIM367 Mogalakwena	348 115	374 756	400 616															
B	LIM368 LIM368	92 547	94 268	101 220															
C	DC36 Waterberg District Municipality	28 364	29 993	31 678	79 315	81 395	83 878	5 598	5 922	6 266									
Total: Waterberg Municipalities		685 344	734 252	792 179	79 315	81 395	83 878	13 256	13 951	14 687									
B	LIM471 Ephraim Mogale	111 478	120 628	128 521							6 078	6 375	6 689				35 815	28 447	40 166
B	LIM472 Elias Motosoledi	198 769	213 971	227 616							11 616	12 182	12 781				62 614	49 732	70 170
B	LIM473 Makhuduthamaga	213 347	228 145	241 496							11 776	12 351	12 960				69 525	55 221	77 349
B	LIM476 LIM476	307 760	335 688	360 690													102 550	81 452	116 042
C	DC47 Sekhukhune District Municipality	526 299	594 720	655 943	74 590	80 460	87 821												
Total: Sekhukhune Municipalities		1 357 653	1 493 152	1 614 266	74 590	80 460	87 821	29 470	30 908	32 430	270 504	214 852		303 727	237 392		338 628	260 395	
Total: Limpopo Municipalities		6 566 504	7 185 448	7 747 760	507 301	543 063	587 783	137 433	144 187	151 334	1 065 242	846 085		1 187 865	928 428		1 315 303	1 011 430	
MPUMALANGA																			
B	MP301 Albert Luthuli	224 109	243 124	259 688							9 337	9 791	10 272						
B	MP302 Msukaligwa	121 443	132 341	145 011															
B	MP303 Mkhondo	159 132	176 234	190 769							7 218	7 570	7 943						
B	MP304 Pixley Ka Seme	87 977	89 930	95 494							4 019	4 213	4 420						
B	MP305 Lekwa	86 239	91 625	99 329															
B	MP306 Dipaleseng	51 931	55 636	60 087															
B	MP307 Govan Mbeki	199 430	210 061	231 674							2 414	2 533	2 659						
C	DC30 Gert Sibande District Municipality	12 494	10 247	10 842	263 261	270 167	278 406												
Total: Gert Sibande Municipalities		942 755	1 009 198	1 092 894	263 261	270 167	278 406	22 988	24 107	25 294									
B	MP311 Victor Khanye	69 690	77 742	85 678							3 259	3 417	3 583						
B	MP312 Emalahleni	255 989	291 115	326 355															
B	MP313 Steve Tshwete	136 037	157 665	178 776															
B	MP314 Emakhuzeni	48 790	53 830	58 687							3 047	3 196	3 354						
B	MP315 Thembiile Hani	313 317	343 875	370 908															
B	MP316 Dr JS Moroka	302 832	323 188	343 498							11 776	12 351	12 960						
C	DC31 Nkangala District Municipality	19 909	19 520	20 833	313 758	321 989	331 808												
Total: Nkangala Municipalities		1 146 564	1 266 935	1 384 735	313 758	321 989	331 808	18 082	18 964	19 897									
B	MP321 Thaba Chweu	109 896	123 859	137 221							5 158	5 409	5 674						
B	MP324 Nkomazi	447 689	494 138	534 377															
B	MP325 Bushbuckridge	647 298	701 918	752 721															
B	MP326 MP326	556 020	621 740	683 247															
C	DC32 Ehlanzeni District Municipality	66 055	70 945	75 413	155 605	159 687	164 557												
Total: Ehlanzeni Municipalities		1 826 958	2 012 600	2 182 979	155 605	159 687	164 557	5 158	5 409	5 674									
Total: Mpumalanga Municipalities		3 916 277	4 288 733	4 660 608	732 624	751 843	774 771	46 228	48 480	50 865									

APPENDIX W1
APPENDIX TO SCHEDULE 3: EQUITABLE SHARE ALLOCATIONS TO MUNICIPALITIES
(EQUITABLE SHARE FORMULA ALLOCATIONS + RSC LEVIES REPLACEMENT + SPECIAL SUPPORT FOR COUNCILLOR REMUNERATION AND WARD COMMITTEES +
BREAKDOWN OF EQUITABLE SHARE ALLOCATIONS PER LOCAL MUNICIPALITY PER SERVICE FOR DISTRICT MUNICIPALITIES AUTHORISED FOR SERVICES)

Category		Municipality		Equitable Share Formula			RSC Levies Replacement			Special Support for Councillor Remuneration and Ward Committees			BREAKDOWN OF EQUITABLE SHARE FOR DISTRICT MUNICIPALITIES AUTHORISED FOR SERVICES																	
				National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year																	
				2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	Water			Sanitation			Refuse											
													2016/17 (R'000)			2017/18 (R'000)			2018/19 (R'000)			2016/17 (R'000)			2017/18 (R'000)			2018/19 (R'000)		
NORTHERN CAPE																														
B	NC061	Richtersveld	12 060	12 613	13 647				1 438	1 508	1 581																			
B	NC062	Nama Khoi	34 868	37 002	39 995				3 450	3 618	3 797																			
B	NC064	Kamiesberg	16 737	17 916	18 974				1 438	1 508	1 581																			
B	NC065	Hantam	18 934	19 193	20 632				1 840	1 930	2 024																			
B	NC066	Karoo Hoogland	15 131	16 353	17 639				1 547	1 623	1 703																			
B	NC067	Khâi-Ma	14 114	15 245	16 472				1 438	1 508	1 581																			
C	DC6	Namakwa District Municipality	5 988	5 741	6 013	27 049	27 759	28 605	2 399	2 538	2 685																			
Total: Namakwa Municipalities			117 832	124 063	133 372				13 550	14 233	14 952																			
B	NC071	Ubuntu	24 379	26 359	28 226				1 438	1 508	1 581																			
B	NC072	Umsobomvu	34 415	36 965	39 909				2 243	2 352	2 467																			
B	NC073	Emthanjeni	33 150	33 690	36 253				3 047	3 196	3 354																			
B	NC074	Kareeberg	17 481	19 031	20 421				1 438	1 508	1 581																			
B	NC075	Renosterberg	17 186	18 313	19 509				1 547	1 623	1 703																			
B	NC076	Thembelihle	17 820	19 053	20 279				1 547	1 623	1 703																			
B	NC077	Siyathemba	23 892	25 779	27 794				1 840	1 930	2 024																			
B	NC078	Siyancuma	37 332	37 848	39 813				2 645	2 774	2 911																			
C	DC7	Pixley Ka Seme District Municipality	14 714	15 593	16 336	18 071	18 545	19 111	3 039	3 215	3 402																			
Total: Pixley Ka Seme Municipalities			220 369	232 631	248 540	18 071	18 545	19 111	18 784	19 729	20 726																			
B	NC082	'Ikai 'Garib	50 935	53 925	58 319				3 852	4 040	4 240																			
B	NC084	'Ikheis	18 676	19 736	20 821				1 547	1 623	1 703																			
B	NC085	Tsamabane	27 506	29 741	32 728				2 645	2 774	2 911																			
B	NC086	Kgatelopele	16 420	17 877	19 629				1 438	1 508	1 581																			
B	NC087	NC087	63 789	64 711	70 663				5 918	6 206	6 510																			
C	DC8	Z.F. Mgawu District Municipality	12 373	12 983	13 633	35 302	36 229	37 333	3 359	3 553	3 760																			
Total: Z.F. Mgawu Municipalities			189 699	198 973	215 793	35 302	36 229	37 333	18 759	19 704	20 705																			
B	NC091	Sol Plaatje	144 171	146 972	159 833																									
B	NC092	Dikgatlong	57 734	61 994	66 189				2 645	2 774	2 911																			
B	NC093	Magareng	33 460	34 953	36 924				1 840	1 930	2 024																			
B	NC094	Phokwane	75 668	79 473	84 000				3 639	3 815	4 002																			
C	DC9	Frances Baard District Municipality	8 958	8 176	8 568	96 458	104 049	107 222																						
Total: Frances Baard Municipalities			319 991	331 568	355 514	96 458	104 049	107 222	8 124	8 519	8 937																			
B	NC451	Joe Morolong	108 753	116 413	122 991				6 315	6 629	6 961																			
B	NC452	Ga-Segonyana	112 255	125 532	137 404				5 158	5 409	5 674																			
B	NC453	Gamaqana	22 853	25 957	29 854				2 499	2 620	2 747																			
C	DC45	John Taolo Gaetsewe District Municipality	28 584	30 465	32 436	34 383	35 285	38 513	3 359	3 553	3 760																			
Total: John Taolo Gaetsewe Municipalities			272 445	298 367	322 685	34 383	35 285	38 513	17 331	18 211	19 142																			
Total: Northern Cape Municipalities			1 120 336	1 185 602	1 275 904	211 263	221 867	230 784	76 548	80 396	84 462																			
NORTH WEST																														
B	NW371	Moretele	254 028	273 830	289 714				9 877	10 359	10 869																			
B	NW372	Madibeng	506 149	576 167	638 352																									
B	NW373	Rustenburg	451 980	521 872	585 878																									
B	NW374	Kgetlengrivier	59 615	65 588	71 143				2 879	3 018	3 165																			
B	NW375	Moses Kotane	320 349	343 390	364 603				12 916	13 546	14 214																			
C	DC37	Bojanala Platinum District Municipality	60 179	65 467	70 060	231 568	237 643	244 890	11 196	11 845	12 532																			
Total: Bojanala Platinum Municipalities			1 652 300	1 846 314	2 019 750	231 568	237 643	244 890	36 868	38 768	40 780																			
B	NW381	Ratlou	91 229	95 744	100 050				5 632	5 910	6 204		28 234	22 426	30 897	24 149	33 572	25 816												
B	NW382	Tswaing	80 174	84 395	88 798				5 538	5 807	6 092		28 918	22 969	31 786	24 844	34 691	26 676												
B	NW383	Mafikeng	178 390	191 051	202 578								72 559	57 631	80 289	62 754	88 213	67 833												
B	NW384	Ditsobotla	89 941	94 228	99 879								38 849	30 857	42 820	33 468	46 861	36 035												
B	NW385	Ramotshere Moiloa	118 921	126 503	133 134				7 218	7 570	7 943		38 846	30 854	42 881	33 516	47 000	36 142												
C	DC38	Ngaka Modiri Molema District Municipality	395 843	435 122	471 993	155 472	167 708	183 051																						
Total: Ngaka Modiri Molema Municipalities			954 498	1 027 043	1 096 432	155 472	167 708	183 051	18 388	19 287	20 239	207 406	164 737		228 673	178 731		250 337	192 502											
B	NW392	Naledi	37 402	39 366	41 822				3 799	3 984	4 181		15 592	12 384	17 235	13 471	18 916	14 546												
B	NW393	Mamusa	41 743	44 674	47 424				3 419	3 586	3 762		13 901	11 041	15 476	12 096	17 108	13 156												
B	NW394	Greater Taung	155 437	164 566	171 951				9 117	9 562	10 033		49 633	39 422	54 348	42 478	59 088	45 437												
B	NW396	Lekwa-Teemane	36 042	38 626	41 132				3 218	3 377	3 545		13 223	10 503	14 729	11 512	16 289	12 526												
B	NW397	Kagisano-Molopo	94 108	98 956	103 254				5 538	5 807	6 092		28 874	22 933	31 551	24 660	34 233	26 324												
C	DC39	Dr Ruth Segomotsi Mompati District Municipality	241 570	267 644	289 173	35 599	38 401	41 914	5 118	5 415	5 729																			
Total: Dr Ruth Segomotsi Mompati Municipalities			606 302	653 832	694 756	35 599	38 401	41 914	30 209	31 731	33 342	121 223	96 283		133 339	104 217		145 634	111 989											
B	NW403	City of Matlosana	342 855	352 222	381 749																									
B	NW404	Maquassi Hills	89 843	94 249	100 191				4 179	4 383	4 599																			
B	NW405	NW405	187 990	210 644	232 712																									
C	DC40	Dr Kenneth Kaunda District Municipality	19 609	19 956	21 067	149 710	153 637	158 323																						
Total: Dr Kenneth Kaunda Municipalities			640 297	677 071	735 719	149 710	153 637	158 323	4 179	4 383	4 599																			
Total: North West Municipalities			3 853 397	4 204 260	4 546 657	572 349	597 389	628 178	89 644	94 169	98 960	328 629	261 020		362 012	282 948		395 971	304 491											

APPENDIX W1
APPENDIX TO SCHEDULE 3: EQUITABLE SHARE ALLOCATIONS TO MUNICIPALITIES
(EQUITABLE SHARE FORMULA ALLOCATIONS + RSC LEVIES REPLACEMENT + SPECIAL SUPPORT FOR COUNCILLOR REMUNERATION AND WARD COMMITTEES +
BREAKDOWN OF EQUITABLE SHARE ALLOCATIONS PER LOCAL MUNICIPALITY PER SERVICE FOR DISTRICT MUNICIPALITIES AUTHORISED FOR SERVICES)

Category Municipality		Equitable Share Formula			RSC Levies Replacement			Special Support for Councillor Remuneration and Ward Committees			BREAKDOWN OF EQUITABLE SHARE FOR DISTRICT MUNICIPALITIES AUTHORISED FOR SERVICES								
		National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year								
		2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	Water 2016/17 (R'000)	Sanitation 2016/17 (R'000)	Refuse 2016/17 (R'000)	Water 2017/18 (R'000)	Sanitation 2017/18 (R'000)	Refuse 2017/18 (R'000)	Water 2018/19 (R'000)	Sanitation 2018/19 (R'000)	Refuse 2018/19 (R'000)
WESTERN CAPE																			
A	CPT City of Cape Town	2 012 945	2 283 323	2 512 279															
B	WC011 Matzikama	41 221	44 503	48 268				2 879	3 018	3 165									
B	WC012 Cederberg	34 930	38 430	41 655				2 243	2 352	2 467									
B	WC013 Bergvriër	30 842	34 475	37 887				2 499	2 620	2 747									
B	WC014 Saldanha Bay	57 674	65 977	73 206				5 158	5 409	5 674									
B	WC015 Swartland	59 275	69 364	77 708															
C	DC1 West Coast District Municipality	13 924	14 843	15 703	68 270	70 061	72 197												
Total: West Coast Municipalities		237 866	267 592	294 427	68 270	70 061	72 197	12 779	13 399	14 053									
B	WC022 Wittenberg	59 734	66 184	72 400															
B	WC023 Drakenstein	106 240	118 687	130 011															
B	WC024 Stellenbosch	95 982	110 707	122 558															
B	WC025 Breede Valley	88 524	97 573	106 043															
B	WC026 Langeberg	56 062	59 769	64 575				4 399	4 612	4 838									
C	DC2 Cape Winelands District Municipality	4 090	1 869	1 970	216 780	222 467	229 251												
Total: Cape Winelands Municipalities		410 632	454 789	497 557	216 780	222 467	229 251	4 399	4 612	4 838									
B	WC031 Theewaterskloof	69 861	76 742	83 058															
B	WC032 Overstrand	68 172	78 020	86 177				4 778	5 010	5 256									
B	WC033 Cape Agulhas	20 832	22 904	24 867				2 243	2 352	2 467									
B	WC034 Swellendam	21 769	23 804	25 957				2 243	2 352	2 467									
C	DC3 Overberg District Municipality	15 398	16 450	17 314	36 765	37 729	38 880												
Total: Overberg Municipalities		196 032	217 920	237 373	36 765	37 729	38 880	9 264	9 714	10 190									
B	WC041 Kannaland	21 502	22 385	23 597				1 438	1 508	1 581									
B	WC042 Hessequa	31 108	34 118	37 053				3 450	3 618	3 797									
B	WC043 Mossel Bay	65 716	73 858	80 870				5 158	5 409	5 674									
B	WC044 George	109 872	122 075	134 007															
B	WC045 Oudtshoorn	53 416	58 027	62 379				4 778	5 010	5 256									
B	WC047 Bitou	61 736	71 947	80 289				2 499	2 620	2 747									
B	WC048 Knysna	58 963	66 824	73 209				4 019	4 213	4 420									
C	DC4 Eden District Municipality	14 202	14 795	15 626	127 892	131 248	135 250												
Total: Eden Municipalities		416 515	464 029	507 030	127 892	131 248	135 250	21 342	22 378	23 475									
B	WC051 Laingsburg	11 088	11 852	12 597				1 438	1 508	1 581									
B	WC052 Prince Albert	14 754	16 126	17 342				1 438	1 508	1 581									
B	WC053 Beaufort West	43 924	47 619	51 077				2 645	2 774	2 911									
C	DC5 Central Karoo District Municipality	10 842	11 547	12 062	6 495	6 665	6 869	2 079	2 200	2 327									
Total: Central Karoo Municipalities		80 608	87 144	93 078	6 495	6 665	6 869	7 600	7 990	8 400									
Total: Western Cape Municipalities		3 354 598	3 774 797	4 141 744	456 202	468 170	482 447	55 384	58 093	60 956									
Unallocated																			
National Total		47 140 536	51 313 227	55 709 943	4 566 521	4 794 842	5 072 947	861 649	904 072	948 955	3 606 051	2 864 159	15 932	3 994 295	3 121 917	17 203	4 393 622	3 378 570	18 440

APPENDIX W2

**APPENDIX TO SCHEDULE 5, PART B AND SCHEDULE 6, PART B: MUNICIPAL INFRASTRUCTURE GRANT (MIG) AND
WATER SERVICES INFRASTRUCTURE GRANT (WSIG)**

**(BREAKDOWN OF MIG AND WSIG ALLOCATIONS PER LOCAL MUNICIPALITY FOR DISTRICT MUNICIPALITIES
AUTHORISED FOR SERVICES)**

(National and Municipal Financial Years)

APPENDIX W2

**APPENDIX TO SCHEDULE 5, PART B AND SCHEDULE 6, PART B: MUNICIPAL INFRASTRUCTURE GRANT (MIG) AND WATER SERVICES INFRASTRUCTURE GRANT (WSIG)
BREAKDOWN OF MIG AND WSIG ALLOCATIONS PER LOCAL MUNICIPALITY FOR DISTRICT MUNICIPALITIES AUTHORISED FOR SERVICES**

SCHEDULE 5, PART B				SCHEDULE 6, PART B		
Breakdown of MIG allocations for district municipalities authorised for services				Breakdown of WSIG allocations for district municipalities authorised for services		
National and Municipal Financial Year				National and Municipal Financial Year		
Municipality	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)
EASTERN CAPE						
B EC121 Mbashe	151 696	163 815	173 968	13 000	24 500	30 000
B EC122 Mnquma	141 261	152 546	162 001	13 000	24 500	25 000
B EC123 Great Kei	8 682	9 376	9 957	17 000	15 982	12 000
B EC124 Amahlathi	34 055	36 775	39 055	31 000	40 000	22 000
B EC126 Ngqushwa	27 856	30 081	31 946	20 000	35 000	29 000
B EC129 EC129	44 185	47 715	50 673	25 190	25 000	28 000
C DC12 Amathole District Municipality						
Total: Amathole Municipalities	407 735	440 308	467 600	119 190	164 982	146 000
B EC131 Inxuba Yethemba	5 053	5 591	5 937	30 000	25 000	23 000
B EC135 Intsika Yethu	83 453	92 317	98 039	25 000	23 000	26 000
B EC136 Emalahleni	42 124	46 598	49 486	18 000	29 000	24 000
B EC137 Engcobo	77 255	85 461	90 758	15 000	31 000	27 264
B EC138 Sakhisizwe	18 738	20 728	22 013	10 000	34 000	28 000
B EC139 EC139	39 919	44 159	46 895	3 597	26 639	29 000
C DC13 Chris Hani District Municipality						
Total: Chris Hani Municipalities	266 542	294 854	313 128	101 597	168 639	157 264
B EC141 Elundini	80 421	86 846	92 228	33 000	25 400	38 000
B EC142 Senqu	55 506	59 941	63 655	26 000	27 000	41 200
B EC145 EC145	10 674	11 527	12 242	12 828	32 000	44 200
C DC14 Joe Gqabi District Municipality						
Total: Joe Gqabi Municipalities	146 601	158 314	168 125	71 828	84 400	123 400
B EC153 Ngquza Hill	136 436	147 335	156 466	22 000	24 000	20 000
B EC154 Port St Johns	77 550	83 745	88 935	19 739	20 000	17 000
B EC155 Nyandeni	139 701	150 861	160 211	22 000	23 000	21 000
B EC156 Mhlontlo	87 782	94 795	100 670	27 000	25 000	24 000
B EC157 King Sabata Dalindyebo	162 631	175 623	186 507	19 000	17 837	18 000
C DC15 O.R.Tambo District Municipality						
Total: O.R.Tambo Municipalities	604 100	652 359	692 789	109 739	109 837	100 000
B EC441 Matatiele	86 780	93 712	99 520	26 000	38 000	28 000
B EC442 Umzimvubu	88 035	95 068	100 960	23 000	39 000	20 000
B EC443 Mbizana	127 572	137 763	146 301	22 171	38 000	29 000
B EC444 Ntabankulu	54 111	58 434	62 055	30 000	36 741	28 000
C DC44 Alfred Nzo District Municipality						
Total: Alfred Nzo Municipalities	356 498	384 977	408 836	101 171	151 741	105 000
Total: Eastern Cape Municipalities	1 781 476	1 930 812	2 050 478	503 525	679 599	631 664

APPENDIX W2

**APPENDIX TO SCHEDULE 5, PART B AND SCHEDULE 6, PART B: MUNICIPAL INFRASTRUCTURE GRANT (MIG) AND WATER SERVICES INFRASTRUCTURE GRANT (WSIG)
BREAKDOWN OF MIG AND WSIG ALLOCATIONS PER LOCAL MUNICIPALITY FOR DISTRICT MUNICIPALITIES AUTHORISED FOR SERVICES**

Municipality				SCHEDULE 5, PART B			SCHEDULE 6, PART B		
				Breakdown of MIG allocations for district municipalities authorised for services		Breakdown of WSIG allocations for district municipalities authorised for services	Breakdown of WSIG allocations for district municipalities authorised for services		
				National and Municipal Financial Year			National and Municipal Financial Year		
				2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)
KWAZULU-NATAL									
A	ETH	eThekweni							
B	KZN212	KZN212		41 868	45 115	47 911	24 213	32 000	34 000
B	KZN213	Umzumbe		73 924	79 656	84 593	8 000	31 000	36 000
B	KZN214	uMuziwabantu		33 250	35 828	38 049	12 000	27 372	37 000
B	KZN216	KZN216		79 821	86 011	91 341	29 000	40 000	38 000
C	DC21	Ugu District Municipality							
Total: Ugu Municipalities				228 863	246 610	261 894	73 213	130 372	145 000
B	KZN221	uMshwathi		26 441	28 553	30 323	14 735	30 000	23 000
B	KZN222	uMngeni		17 786	19 207	20 397	7 000	6 000	18 000
B	KZN223	Mpofana		7 023	7 586	8 055	6 000	7 800	19 500
B	KZN224	Impendle		10 088	10 894	11 569	9 000	6 000	22 500
B	KZN225	Msunduzi							
B	KZN226	Mkhambathini		17 132	18 500	19 647	8 700	7 698	18 700
B	KZN227	Richmond		16 159	17 450	18 532	4 800	5 500	21 000
C	DC22	Umgungundlovu District Municipality							
Total: Umgungundlovu Municipalities				94 629	102 190	108 523	50 235	62 998	122 700
B	KZN235	Okhahlamba		41 691	45 022	47 812	22 000	43 000	23 000
B	KZN237	KZN237		56 363	60 865	64 637	27 807	34 500	24 000
B	KZN238	KZN238		75 452	81 480	86 530	32 000	75 000	46 000
C	DC23	Uthukela District Municipality							
Total: Uthukela Municipalities				173 506	187 367	198 979	81 807	152 500	93 000
B	KZN241	Endumeni		8 784	9 537	10 128	13 111	34 000	29 000
B	KZN242	Nqutu		45 254	49 133	52 178	23 000	39 000	27 000
B	KZN244	Msinga		74 470	80 852	85 862	27 000	37 764	29 000
B	KZN245	Umvoti		47 583	51 660	54 862	21 000	29 000	23 000
C	DC24	Umzinyathi District Municipality							
Total: Umzinyathi Municipalities				176 091	191 182	203 030	84 111	139 764	108 000
B	KZN252	Newcastle							
B	KZN253	Emadlangeni		9 619	10 466	11 115	28 013	28 000	43 000
B	KZN254	Dannhauser		24 996	27 198	28 884	21 387	26 500	38 000
C	DC25	Amajuba District Municipality							
Total: Amajuba Municipalities				34 615	37 664	39 999	49 400	54 500	81 000

APPENDIX W2

APPENDIX TO SCHEDULE 5, PART B AND SCHEDULE 6, PART B: MUNICIPAL INFRASTRUCTURE GRANT (MIG) AND WATER SERVICES INFRASTRUCTURE GRANT (WSIG)

BREAKDOWN OF MIG AND WSIG ALLOCATIONS PER LOCAL MUNICIPALITY FOR DISTRICT MUNICIPALITIES AUTHORISED FOR SERVICES

			SCHEDULE 5, PART B						SCHEDULE 6, PART B		
			Breakdown of MIG allocations for district municipalities authorised for services			Breakdown of WSIG allocations for district municipalities authorised for services			Breakdown of WSIG allocations for district municipalities authorised for services		
			National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year		
Municipality			2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)
B	LIM341	LIM341	26 913	29 065	30 865	20 000	38 000	50 000			
B	LIM343	LIM343	179 410	193 743	205 749	35 000	48 000	45 000			
B	LIM344	Makhado	153 361	165 612	175 876	25 000	38 500	30 000			
B	LIM345	LIM345	132 602	143 196	152 070	28 000	42 000	59 000			
C	DC34	Vhembe District Municipality									
Total: Vhembe Municipalities			492 286	531 616	564 560	108 000	166 500	184 000			
B	LIM351	LIM351	83 959	82 841	87 975	26 000	33 542	31 000			
B	LIM353	LIM353	56 141	55 393	58 826	26 000	38 000	36 000			
B	LIM354	LIM354				25 000	29 000	32 000			
B	LIM355	Lepele-Nkumpi	98 301	96 992	103 003	25 800	25 000	34 000			
C	DC35	Capricorn District Municipality									
Total: Capricorn Municipalities			238 401	235 226	249 804	102 800	125 542	133 000			
B	LIM471	Ephraim Mogale	45 111	48 715	51 734	11 000			21 000	25 200	35 000
B	LIM472	Elias Motsoaledi	108 500	117 168	124 429	16 000			17 000	16 000	22 000
B	LIM473	Makhuduthamaga	123 749	133 635	141 917	19 000			22 000	19 800	31 000
B	LIM476	LIM476	175 623	189 654	201 407	18 000	4 500		20 000	17 000	24 000
C	DC47	Sekhukhune District Municipality									
Total: Sekhukhune Municipalities			452 983	489 172	519 487	64 000	4 500		80 000	78 000	112 000
Total: Limpopo Municipalities			1 617 576	1 724 586	1 831 462	384 088	449 542	494 000	100 000	166 000	177 000
NORTH WEST											
B	NW381	Ratlou	46 600	50 322	53 441	4 000	4 500		11 000	23 500	24 000
B	NW382	Tswaing	36 245	39 140	41 566				13 000	21 000	19 000
B	NW383	Mafikeng	104 710	113 075	120 083				14 000	13 000	22 000
B	NW384	Ditsobotla	43 543	47 021	49 936				19 000	21 000	17 175
B	NW385	Ramotshere Moiloa	54 100	58 422	62 043				8 000	19 500	21 000
C	DC38	Ngaka Modiri Molema District Municipality									
Total: Ngaka Modiri Molema Municipalities			285 198	307 980	327 069	4 000	4 500		65 000	98 000	103 175
B	NW392	Naledi	11 369	12 277	13 038						
B	NW393	Mamusa	9 673	10 446	11 094						
B	NW394	Greater Taung	69 176	74 702	79 332						
B	NW396	Lekwa-Teemane	4 129	4 460	4 735						
B	NW397	Kagisano-Molopo	35 369	38 195	40 562						
C	DC39	Dr Ruth Segomotsi Mompati District Municipality									
Total: Dr Ruth Segomotsi Mompati Municipalities			129 716	140 080	148 761						
Total: North West Municipalities			414 914	448 060	475 830	4 000	4 500		65 000	98 000	103 175
WESTERN CAPE											
National Total			5 465 798	5 890 880	6 255 967	1 643 808	2 176 361	2 179 869	165 000	264 000	280 175

APPENDIX W3

APPENDIX TO SCHEDULE 5, PART B: MUNICIPAL INFRASTRUCTURE GRANT

RING-FENCED FUNDING FOR SPORT INFRASTRUCTURE - BREAKDOWN PER MUNICIPALITY

(National and Municipal Financial Years)

APPENDIX W3
APPENDIX TO SCHEDULE 5, PART B: MUNICIPAL INFRASTRUCTURE GRANT
RING-FENCED FUNDING FOR SPORT INFRASTRUCTURE - BREAKDOWN PER MUNICIPALITY

			Ring-fenced Municipal Infrastructure Grant allocations for sport infrastructure		
Category	Municipality	Project Name	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)
EASTERN CAPE					
B EC104	Makana Local Municipality	Makana Local Municipality - multi-purpose indoor facilities	13 000		
Total: Sarah Baartman Municipalities			13 000		
B EC137	Engcobo Local Municipality	Engcobo Local Municipality - Construction of four sport facilities	13 661		
Total: Chris Hani Municipalities			13 661		
B EC157	King Sabatha Dalindyebo Local Municipality		10 000		
Total: OR Tambo Municipalities			10 000		
B EC444	Ntabankulu Local Municipality	Ntabankulu Local Municipality - Mantlani sports field, Bhakubha Sports Field, Mbangwe	10 000		
Total: Alfred Nzo Municipalities			10 000		
Total: Eastern Cape Municipalities			46 661		
FREE STATE					
B FS163	Mohokare Local Municipality	Zastron/Itumeleng: Upgrading of Sports facility Zastron/Itumeleng: Upgrading of Sports facility	11 000		
Total: Xhariep Municipalities			11 000		
B FS182	Tokologo Local Municipality	Tokologo Local Municipality - Tshwaraganang township, upgrading of standium	10 000		
Total: Lejweleputswa Municipalities			10 000		
Total: Free State Municipalities			21 000		
GAUTENG					
B GT485	GT485	GT485 - Construction of a sport facility in Badirile within the Mothlakeng township	10 000		
Total: West Rand Municipalities			10 000		
Total: Gauteng Municipalities			10 000		
KWAZULU-NATAL					
B KZN227	Richmond Local Municipality	Richmond Local Municipality - Construction of the multi-purpose sport center in Richmond Local Municipality	15 000		
Total: Umgungundlovu Municipalities			15 000		
B KZN262	Phongola Local Municipality	Phongola Local Municipality - Construction of Ncotshane sport field	15 000		
Total: Zululand Municipalities			15 000		
B KZN433	Greater Kokstad Local Municipality	Greater Kokstad Local municipality - Construction of sport field	15 000		
Total: Harry Gwala Municipalities			15 000		
Total: KwaZulu-Natal Municipalities			45 000		
LIMPOPO					
B LIM331	Greater Giyani Local Municipality	Greater Giyani Local Municipality - Construction of 3 sport facilities	15 000		
B LIM335	Maruleng Local Municipality	Maruleng Local Municipality - Construction of Finale Balloon Village	4 000		
Total: Mopani Municipalities			19 000		
B LIM353	LIM353	LIM353 - Construction of a sport facility in Ramokgopa	9 000		
Total: Capricon Municipalities			9 000		
B LIM472	Elias Motsoaledi Local Municipality	Elias Motsoaledi Local Municipality - Upgrading of Hlogotlou Stadium	10 000		
Total: Sekhukhune Municipalities			10 000		
Total: Limpopo Municipalities			38 000		

MPUMALANGA					
B MP301	Albert Luthuli Local Municipality	Chief Albert Luthuli Local Municipality - construction of the Silobela sport field	7 232		
B MP302	Msukaligwa Local Municipality	Msukaligwa Local Municipality - Refurbishment of the Mpumalanga Stadium in Wesselton township and the combi courts	10 128		
B MP305	Lekwa Local Municipality	Lekwa Local Municipality - Upgrading of the Sakhile combined sport facility	11 000		
Total: Gert Sibande Municipalities			28 360		
B MP311	Victor Khanye Local Municipality	Victor Khanye Local Municipality - Upgrading of existing municipal facilities	6 600		
B MP312	Emalahleni Local Municipality	Emalahleni Local Municipality - Construction of multi-purpose sports field	8 000		
Total: Nkangala Municipalities			14 600		
Total: Mpumalanga Municipalities			42 960		
NORTHERN CAPE					
B NC064	Kamiesberg Local Municipality	Kamiesberg Local Municipality - Building a multi-purpose sport center	1 200		
B NC067	Khai Ma Local Municipality	Khai Ma Local Municipality- Construction of a multi-purpose sport field	8 000		
Total: Namakwa Municipalities			9 200		
B NC072	Umsobomvu Local Municipality	Umsobomvu Local Municipality - Noupoort Community Indoor Gym	6 500		
Total: Pixley ka Seme Municipalities			6 500		
B NC453	Gamagara Local Municipality	Gamagara Local Municipality - Upgrading of Kathu multi-purpose sport facility	10 000		
Total: John Taolo Gaetsewe Municipalities			10 000		
Total: Northern Cape Municipalities			25 700		
NORTH WEST					
B NW381	Ratlou Local Municipality	Ratlou Local Municipality - Upgrading of the Setlagole sport facility	15 000		
B NW383	Mafikeng Local Municipality	Mafikeng Local Municipality - Lotlhakane community - new soccer field, combination-courts and athletic track	12 000		
Total: Ngaka Modiri Molema Municipalities			27 000		
B NW293	Mamusa Local Municipality	Mamusa Local Municipality - Upgrading of Itelegeng sport facility	5 000		
B NW396	Lekwa Teamane Municipality	Lekwa Teamane Municipality - Upgrade of Cristiana stadium, athletics track, combination-courts, tennis courts and indoor gym	11 500		
Total: Dr Ruth Segomotsi Mompati Municipalities			16 500		
Total: North West Municipalities			43 500		
WESTERN CAPE					
B WC012	Cederberg Local Municipality	Cederberg Local Municipality - Construction and upgrading of Clanwilliam sport fields	7 679		
Total: West Coast Municipalities			7 679		
B WC034	Swellendam Local Municipality	Swellendam Local Municipality - Upgrading of Railton sport facility	7 000		
Total: Eden Municipalities			7 000		
B WC053	Beaufort West Local Municipality	Beaufort West Local Municipality - Upgrading of Merweville Sport Grounds	12 500		
Total: Central Karoo Municipalities			12 500		
Total: Western Cape Municipalities			27 179		
Unallocated				300 000	300 000
National Total			300 000	300 000	300 000

APPENDIX W4

APPENDIX TO SCHEDULE 5, PART B: TARGETS FOR EXPANDED PUBLIC WORKS PROGRAMME INTEGRATED GRANT FOR MUNICIPALITIES

(National and Municipal Financial Years)

APPENDIX W4
APPENDIX TO SCHEDULE 5, PART B: TARGETS FOR EXPANDED PUBLIC WORKS PROGRAMME INTEGRATED
GRANT FOR MUNICIPALITIES

Category	Municipality	Expanded Public Works Programme Integrated Grant for Municipalities			
		2016/17 FTE Performance Target	National and Municipal Financial Year		
			2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)
EASTERN CAPE					
A	BUF Buffalo City	1 512	1 188		
A	NMA Nelson Mandela Bay	1 842	8 496		
B	EC101 EC101	83	3 101		
B	EC102 Blue Crane Route	36	1 008		
B	EC104 Makana	56	1 000		
B	EC105 Ndlambe	62	1 000		
B	EC106 Sundays River Valley	59	1 000		
B	EC108 Kouga	71	1 057		
B	EC109 Kou-Kamma	38	1 000		
C	DC10 Sarah Baartman District Municipality	7	1 000		
Total: Sarah Baartman Municipalities		412	10 166		
B	EC121 Mbashe	126	1 144		
B	EC122 Mquma	137	1 000		
B	EC123 Great Kei	34	1 000		
B	EC124 Amahlathi	74	1 062		
B	EC126 Ngqushwa	56	1 000		
B	EC129 EC129	105	2 167		
C	DC12 Amathole District Municipality	934	2 297		
Total: Amathole Municipalities		1 466	9 670		
B	EC131 Inxuba Yethemba	42	1 479		
B	EC135 Intsika Yethu	93	1 311		
B	EC136 Emalahleni	76	1 415		
B	EC137 Engcobo	91	2 000		
B	EC138 Sakhisizwe	44	1 117		
B	EC139 EC139	154	4 079		
C	DC13 Chris Hani District Municipality	625	7 797		
Total: Chris Hani Municipalities		1 125	19 198		
B	EC141 Elundini	89	1 548		
B	EC142 Senqu	88	1 497		
B	EC145 EC145	64	2 438		
C	DC14 Joe Gqabi District Municipality	333	1 474		
Total: Joe Gqabi Municipalities		574	6 957		
B	EC153 Ngquza Hill	118	1 266		
B	EC154 Port St Johns	76	1 000		
B	EC155 Nyandeni	131	1 261		
B	EC156 Mhlontlo	96	1 232		
B	EC157 King Sabata Dalindyebo	186	1 699		
C	DC15 O.R.Tambo District Municipality	1 316	3 213		
Total: O.R.Tambo Municipalities		1 923	9 671		
B	EC441 Matatiele	111	1 790		
B	EC442 Umzimvubu	105	1 626		
B	EC443 Mbizana	105	1 084		
B	EC444 Ntabankulu	63	1 231		
C	DC44 Alfred Nzo District Municipality	808	6 006		
Total: Alfred Nzo Municipalities		1 192	11 737		
Total: Eastern Cape Municipalities		10 046	77 083		

APPENDIX W4
APPENDIX TO SCHEDULE 5, PART B: TARGETS FOR EXPANDED PUBLIC WORKS PROGRAMME INTEGRATED
GRANT FOR MUNICIPALITIES

Category	Municipality	Expanded Public Works Programme Integrated Grant for Municipalities			
		2016/17 FTE Performance Target	National and Municipal Financial Year		
			2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)
FREE STATE					
A	MAN Mangaung	1 526	5 151		
B	FS161 Letsemeng	42	1 000		
B	FS162 Kopanong	50	1 155		
B	FS163 Mohokare	44	1 000		
C	DC16 Xhariep District Municipality	7	1 053		
Total: Xhariep Municipalities		143	4 208		
B	FS181 Masilonyana	57	1 147		
B	FS182 Tokologo	40	1 032		
B	FS183 Tswelopele	40	1 000		
B	FS184 Matjhabeng	248	1 131		
B	FS185 Nala	67	1 000		
C	DC18 Lejweleputswa District Municipality	7	1 000		
Total: Lejweleputswa Municipalities		459	6 310		
B	FS191 Setsoto	109	1 908		
B	FS192 Dihlabeng	85	1 000		
B	FS193 Nketoana	58	1 023		
B	FS194 Maluti-a-Phofung	380	7 650		
B	FS195 Phumelela	49	1 000		
B	FS196 Mantsopa	47	1 000		
C	DC19 Thabo Mofutsanyana District Municipality	8	1 120		
Total: Thabo Mofutsanyana Municipalities		736	14 701		
B	FS201 Moqhaka	88	1 000		
B	FS203 Ngwathe	92	1 078		
B	FS204 Metsimaholo	97	1 060		
B	FS205 Mafube	52	1 000		
C	DC20 Fezile Dabi District Municipality				
Total: Fezile Dabi Municipalities		329	4 138		
Total: Free State Municipalities		3 193	34 508		
GAUTENG					
A	EKU Ekurhuleni	4 031	22 125		
A	JHB City of Johannesburg	3 971	47 613		
A	TSH City of Tshwane	3 501	50 247		
B	GT421 Emfuleni	358	2 528		
B	GT422 Midvaal	73	1 279		
B	GT423 Lesedi	61	1 238		
C	DC42 Sedibeng District Municipality	7	1 000		
Total: Sedibeng Municipalities		499	6 045		
B	GT481 Mogale City	214	1 089		
B	GT484 Merafong City	127	1 424		
B	GT485 GT485	192	2 927		
C	DC48 West Rand District Municipality	9	1 305		
Total: West Rand Municipalities		542	6 745		
Total: Gauteng Municipalities		12 544	132 775		

APPENDIX W4
APPENDIX TO SCHEDULE 5, PART B: TARGETS FOR EXPANDED PUBLIC WORKS PROGRAMME INTEGRATED
GRANT FOR MUNICIPALITIES

Category	Municipality	Expanded Public Works Programme Integrated Grant for Municipalities			
		2016/17 FTE Performance Target	National and Municipal Financial Year		
			2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)
KWAZULU-NATAL					
A	ETH eThekweni	4 213	49 478		
B	KZN212 KZN212	94	2 038		
B	KZN213 Umzumbe	79	1 083		
B	KZN214 uMuziwabantu	55	1 129		
B	KZN216 KZN216	152	2 660		
C	DC21 Ugu District Municipality	534	1 788		
Total: Ugu Municipalities		914	8 698		
B	KZN221 uMshwathi	65	1 313		
B	KZN222 uMngeni	55	1 317		
B	KZN223 Mpofana	32	1 000		
B	KZN224 Impendle	35	1 443		
B	KZN225 Msunduzi	449	6 809		
B	KZN226 Mkhambathini	43	1 253		
B	KZN227 Richmond	46	1 277		
C	DC22 Umgungundlovu District Municipality	236	2 094		
Total: Umgungundlovu Municipalities		961	16 506		
B	KZN235 Okhahlamba	77	2 934		
B	KZN237 KZN237	101	2 328		
B	KZN238 KZN238	168	4 906		
C	DC23 Uthukela District Municipality	401	3 169		
Total: Uthukela Municipalities		747	13 337		
B	KZN241 Endumeni	39	1 127		
B	KZN242 Nqutu	72	1 337		
B	KZN244 Msinga	93	2 095		
B	KZN245 Umvoti	71	2 373		
C	DC24 Umzinyathi District Municipality	399	2 350		
Total: Umzinyathi Municipalities		674	9 282		
B	KZN252 Newcastle	253	3 173		
B	KZN253 Emadlangeni	28	1 284		
B	KZN254 Dannhauser	51	1 119		
C	DC25 Amajuba District Municipality	94	1 497		
Total: Amajuba Municipalities		426	7 073		
B	KZN261 eDumbe	43	1 000		
B	KZN262 uPhongolo	78	3 021		
B	KZN263 Abaqulusi	83	1 398		
B	KZN265 Nongoma	71	1 102		
B	KZN266 Ulundi	69	1 000		
C	DC26 Zululand District Municipality	488	3 624		
Total: Zululand Municipalities		832	11 145		
B	KZN271 Umhlabuyalingana	85	2 277		
B	KZN272 Jozini	97	3 338		
B	KZN275 Mtubatuba	73	1 408		
B	KZN276 KZN276	78	3 545		
C	DC27 Umkhanyakude District Municipality	450	1 293		
Total: Umkhanyakude Municipalities		783	11 861		
B	KZN281 Mfolozi	62	1 649		
B	KZN282 KZN282	244	5 061		
B	KZN284 uMlalazi	102	2 924		
B	KZN285 KZN285	36	2 161		
B	KZN286 Nkandla	57	2 149		
C	DC28 uThungulu District Municipality	404	5 466		
Total: Uthungulu Municipalities		905	19 410		
B	KZN291 Mandeni	85	2 055		
B	KZN292 KwaDukuza	113	1 285		
B	KZN293 Ndwedwe	72	1 791		
B	KZN294 Maphumulo	53	1 261		
C	DC29 iLembe District Municipality	409	1 850		
Total: iLembe Municipalities		732	8 242		
B	KZN433 Greater Kokstad	46	1 619		
B	KZN434 Ubuhlebezwe	64	1 985		
B	KZN435 Umzimkhulu	97	1 299		
B	KZN436 KZN436	81	2 191		
C	DC43 Harry Gwala District Municipality	23	3 364		
Total: Harry Gwala Municipalities		311	10 458		
Total: KwaZulu-Natal Municipalities		11 498	165 490		

APPENDIX W4
APPENDIX TO SCHEDULE 5, PART B: TARGETS FOR EXPANDED PUBLIC WORKS PROGRAMME INTEGRATED
GRANT FOR MUNICIPALITIES

Category			Expanded Public Works Programme Integrated Grant for Municipalities			
			2016/17 FTE Performance Target	National and Municipal Financial Year		
				2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)
LIMPOPO						
B	LIM331	Greater Giyani	131	1 158		
B	LIM332	Greater Letaba	125	1 405		
B	LIM333	Greater Tzaneen	204	1 949		
B	LIM334	Ba-Phalaborwa	72	1 000		
B	LIM335	Maruleng	61	1 000		
C	DC33	Mopani District Municipality	946	1 943		
Total: Mopani Municipalities			1 539	8 455		
B	LIM341	LIM341	79	1 879		
B	LIM343	LIM343	324	2 986		
B	LIM344	Makhado	244	1 281		
B	LIM345	LIM345				
C	DC34	Vhembe District Municipality	1 080	3 462		
Total: Vhembe Municipalities			1 727	9 608		
B	LIM351	LIM351	119	1 808		
B	LIM353	LIM353	96	1 382		
B	LIM354	LIM354	641	5 975		
B	LIM355	Lepele-Nkumpi	118	1 295		
C	DC35	Capricorn District Municipality	565	2 922		
Total: Capricorn Municipalities			1 539	13 382		
B	LIM361	Thabazimbi	75	2 070		
B	LIM362	Lephalale	85	1 215		
B	LIM366	Bela-Bela	55	1 082		
B	LIM367	Mogalakwena	314	2 073		
B	LIM368	LIM368	97	2 302		
C	DC36	Waterberg District Municipality	7	1 102		
Total: Waterberg Municipalities			633	9 844		
B	LIM471	Ephraim Mogale	76	1 258		
B	LIM472	Elias Motsoaledi	118	1 095		
B	LIM473	Makhuduthamaga	135	1 505		
B	LIM476	LIM476	196	2 121		
C	DC47	Sekhukhune District Municipality	984	1 539		
Total: Sekhukhune Municipalities			1 509	7 518		
Total: Limpopo Municipalities			6 947	48 807		
MPUMALANGA						
B	MP301	Albert Luthuli	198	3 304		
B	MP302	Msukaligwa	115	1 376		
B	MP303	Mkhondo	174	2 452		
B	MP304	Pixley Ka Seme	64	1 702		
B	MP305	Lekwa	65	1 012		
B	MP306	Dipaleseng	48	1 510		
B	MP307	Govan Mbeki	134	2 568		
C	DC30	Gert Sibande District Municipality	21	3 113		
Total: Gert Sibande Municipalities			819	17 037		
B	MP311	Victor Khanye	64	2 040		
B	MP312	Emalahleni	261	2 891		
B	MP313	Steve Tshwete	114	2 103		
B	MP314	Emakhazeni	45	1 217		
B	MP315	Thembisile Hani	264	2 244		
B	MP316	Dr JS Moroka	282	4 257		
C	DC31	Nkangala District Municipality	16	2 318		
Total: Nkangala Municipalities			1 046	17 070		
B	MP321	Thaba Chweu	108	1 683		
B	MP324	Nkomazi	500	5 917		
B	MP325	Bushbuckridge	792	3 780		
B	MP326	MP326	727	5 686		
C	DC32	Ehlanzeni District Municipality	15	2 274		
Total: Ehlanzeni Municipalities			2 142	19 340		
Total: Mpumalanga Municipalities			4 007	53 447		

APPENDIX W4
APPENDIX TO SCHEDULE 5, PART B: TARGETS FOR EXPANDED PUBLIC WORKS PROGRAMME INTEGRATED
GRANT FOR MUNICIPALITIES

Category			Expanded Public Works Programme Integrated Grant for Municipalities			
			2016/17 FTE Performance Target	National and Municipal Financial Year		
				2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)
NORTHERN CAPE						
B	NC061	Richtersveld	22	1 000		
B	NC062	Nama Khoi	36	1 000		
B	NC064	Kamiesberg	36	1 000		
B	NC065	Hantam	28	1 127		
B	NC066	Karoo Hoogland	23	1 000		
B	NC067	Khâi-Ma	23	1 000		
C	DC6	Namakwa District Municipality	7	1 000		
Total: Namakwa Municipalities			175	7 127		
B	NC071	Ubuntu	27	1 000		
B	NC072	Umsobomvu	30	1 000		
B	NC073	Emthanjeni	32	1 000		
B	NC074	Kareeberg	23	1 000		
B	NC075	Renosterberg	22	1 000		
B	NC076	Thembelihle	26	1 000		
B	NC077	Siyathemba	27	1 000		
B	NC078	Siyancuma	41	1 000		
C	DC7	Pixley Ka Seme District Municipality	7	1 000		
Total: Pixley Ka Seme Municipalities			235	9 000		
B	NC082	!Kai !Garib	52	1 000		
B	NC084	!Kheis	29	1 000		
B	NC085	Tsantsabane	38	1 000		
B	NC086	Kgatelopele	23	1 000		
B	NC087	NC087	61	2 000		
C	DC8	Z.F. Mgcawu District Municipality	7	1 000		
Total: Siyanda Municipalities			210	7 000		
B	NC091	Sol Plaatjie	138	5 574		
B	NC092	Dikgatlong	46	1 000		
B	NC093	Magareng	30	1 000		
B	NC094	Phokwane	60	1 037		
C	DC9	Frances Baard District Municipality	7	1 000		
Total: Frances Baard Municipalities			281	9 611		
B	NC451	Joe Morolong	129	1 050		
B	NC452	Ga-Segonyana	116	1 000		
B	NC453	Gamagara	31	1 000		
C	DC45	John Taolo Gaetsewe District Municipality	7	1 000		
Total: John Taolo Gaetsewe Municipalities			283	4 050		
Total: Northern Cape Municipalities			1 184	36 788		
NORTH WEST						
B	NW371	Moretele	242	4 228		
B	NW372	Madibeng	543	1 545		
B	NW373	Rustenburg	453	4 219		
B	NW374	Kgetlengrivier	60	1 737		
B	NW375	Moses Kotane	2 852	2 735		
C	DC37	Bojanala Platinum District Municipality	10	1 557		
Total: Bojanala Platinum Municipalities			4 160	16 021		
B	NW381	Ratlou	69	1 433		
B	NW382	Tswaing	68	1 330		
B	NW383	Mafikeng	149	3 672		
B	NW384	Ditsobotla	81	1 038		
B	NW385	Ramotshere Moiloa	82	1 104		
C	DC38	Ngaka Modiri Molema District Municipality	628	1 601		
Total: Ngaka Modiri Molema Municipalities			1 077	10 178		
B	NW392	Naledi	47	1 884		
B	NW393	Mamusa	39	1 078		
B	NW394	Greater Taung	105	1 352		
B	NW396	Lekwa-Teemane	37	1 000		
B	NW397	Kagisano-Molopo	68	1 025		
C	DC39	Dr Ruth Segomotsi Mompati District Municipality	301	2 273		
Total: Dr Ruth Segomotsi Mompati Municipalities			597	8 612		
B	NW403	City of Matlosana	188	1 656		
B	NW404	Maquassi Hills	64	1 083		
B	NW405	NW405	168	3 421		
C	DC40	Dr Kenneth Kaunda District Municipality	10	1 479		
Total: Dr Kenneth Kaunda Municipalities			430	7 639		
Total: North West Municipalities			6 264	42 450		

APPENDIX W4
APPENDIX TO SCHEDULE 5, PART B: TARGETS FOR EXPANDED PUBLIC WORKS PROGRAMME INTEGRATED
GRANT FOR MUNICIPALITIES

Category	Municipality	Expanded Public Works Programme Integrated Grant for Municipalities			
		2016/17 FTE Performance Target	National and Municipal Financial Year		
			2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)
WESTERN CAPE					
A	CPT City of Cape Town	3 140	31 740		
B	WC011 Matzikama	50	1 119		
B	WC012 Cederberg	39	1 000		
B	WC013 Bergrivier	37	1 141		
B	WC014 Saldanha Bay	46	1 071		
B	WC015 Swartland	53	1 460		
C	DC1 West Coast District Municipality	7	1 036		
Total: West Coast Municipalities		232	6 827		
B	WC022 Witzenberg	54	1 336		
B	WC023 Drakenstein	80	1 352		
B	WC024 Stellenbosch	84	1 758		
B	WC025 Breede Valley	79	1 291		
B	WC026 Langeberg	56	1 759		
C	DC2 Cape Winelands District Municipality	7	1 000		
Total: Cape Winelands Municipalities		360	8 496		
B	WC031 Theewaterskloof	60	1 104		
B	WC032 Overstrand	57	1 922		
B	WC033 Cape Agulhas	30	1 210		
B	WC034 Swellendam	32	1 177		
C	DC3 Overberg District Municipality	7	1 000		
Total: Overberg Municipalities		186	6 413		
B	WC041 Kannaland	28	1 000		
B	WC042 Hessequa	35	1 088		
B	WC043 Mossel Bay	61	1 839		
B	WC044 George	108	4 014		
B	WC045 Oudtshoorn	60	2 448		
B	WC047 Bitou	54	1 869		
B	WC048 Knysna	60	1 292		
C	DC4 Eden District Municipality	7	1 000		
Total: Eden Municipalities		413	14 550		
B	WC051 Laingsburg	20	1 000		
B	WC052 Prince Albert	22	1 000		
B	WC053 Beaufort West	39	1 617		
C	DC5 Central Karoo District Municipality	7	1 000		
Total: Central Karoo Municipalities		88	4 617		
Total: Western Cape Municipalities		4 419	72 643		
Unallocated:				716 427	757 980
National Total		60 102	663 991	716 427	757 980

APPENDIX W5

**APPENDIX TO SCHEDULE 5, PART B AND SCHEDULE 6, PART B: REGIONAL BULK INFRASTRUCTURE GRANT
BREAKDOWN OF REGIONAL BULK INFRASTRUCTURE GRANT ALLOCATIONS PER LOCAL MUNICIPALITY PER
PROJECT
(National and Municipal Financial Years)**

APPENDIX W5
APPENDIX TO SCHEDULE 5, PART B AND SCHEDULE 6, PART B: REGIONAL BULK INFRASTRUCTURE GRANT
BREAKDOWN OF REGIONAL BULK INFRASTRUCTURE GRANT ALLOCATIONS PER LOCAL MUNICIPALITY PER PROJECT

BREAKDOWN OF REGIONAL BULK INFRASTRUCTURE GRANT ALLOCATIONS PER LOCAL MUNICIPALITY PER PROJECT					SCHEDULE 5, PART B			SCHEDULE 6, PART B			
					National and Municipal Financial Year						
Project Code	Project Name	Category		Water Service Authority	Benefiting Municipality	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)
	EASTERN CAPE										
ECR038	Graaf-Reinet Emergency Water Supply Scheme	B	EC101	EC101	EC101				23 440	15 392	
ECR047	James Kleyhans Bulk Water Supply	B	DC10	Makana Local Municipality	Makana Local Municipality				41 000	13 360	
ECR037	Ndlambe Dam/ Albany Coast BWS (Grahamstown& Port Alfred Augmentation)	B	EC105	Ndlame Local Municipality	Ndlame Local Municipality				77 869	76 133	120 000
ECR024	Sundays River - Paterson Bulk Water Supply	B	EC106	Sundays River Valley Local Municipality	Sundays River Valley Local Municipality				5 450		
ECR039	Steytlerville Water Supply Scheme	B	EC107	EC101	EC101				23 893		
ECR042	Ikwezi Bulk Water Supply	B	EC101	EC101	EC101				12 615	33 792	
ECR043	Kirkwood Water Treatment Works	B	EC106	Sundays River Valley Local Municipality	Sundays River Valley Local Municipality				8 547	7 978	
ECR041	Misgund Bulk Water Supply	B	EC109	Koukamma Local Municipality	Koukamma Local Municipality				8 987	1 684	
EC NEW	Belmont WWTW	B	EC104	Makana Local Municipality	Makana Local Municipality				17 500	30 000	62 000
EC NEW	Mayfield WWTW	B	EC104	Makana Local Municipality	Makana Local Municipality				27 500	27 473	15 000
		Total: Sarah Baartman Municipalities							246 801	205 812	197 000
ECR015	Xhora East Water Supply	C	DC12	Amathole District Municipality	Mbashe Local Municipality				115 264	32 955	19 121
ECR006	Ibika Water Supply	C	DC12	Amathole District Municipality	Mnquma Local Municipality				2 000		
		Total: Amatole Municipalities							117 264	32 955	19 121
ECR033	Cluster 4 CHDM Bulk Water Supply	C	DC13	Chris Hani District Municipality	Engcobo Local Municipality	58 303	56 000	18 582			
ECR028	Cluster 6 CHDM Bulk Water Supply	C	DC13	Chris Hani District Municipality	Engcobo Local Municipality	63 262	52 358	26 397			
ECR029	Cluster 9 CHDM Bulk Water Supply	C	DC13	Chris Hani District Municipality	Intsika yethu Local Municipality	15 000	20 186	37 659			
ECR002	Xonxa Bulk Water Supply	C	DC13	Chris Hani District Municipality	Engcobo Local Municipality	58 013					
EC129	Middleburg Ground Water Supply	C	DC13	Chris Hani District Municipality	EC139	6 390					
ECR005	Hofmeyr Ground Water Supply	C	DC13	Chris Hani District Municipality	EC139	6 848					
		Total: Chris Hani Municipalities				207 816	128 544	82 638			
	Lady Grey BWS	C	DC13	Joe Gqabi District Municipality	Senqu Local Municipality	10 445	30 000	41 512			
ECR046	Sterkspruit Waste Water Treatment Works	C	DC14	Joe Gqabi District Municipality	Senqu Local Municipality	2 500	23 547	15 000			
		Total: Joe Gcabi Municipalities				12 945	53 547	56 512			
	Coffee Bay Water Treatment Works					12 728	30 000	73 271			
ECR019	O.R. Tambo, Mthatha, King Sabato Dalinyebo Water Supply	C	DC15	O.R. Tambo District Municipality	King Sabatha Dalinyebo Local Municipality	234 000	340 284	312 580			
ECR045	O.R. Tambo, Mthatha, King Sabato Dalinyebo Sanitation	C	DC15	O.R. Tambo District Municipality	King Sabatha Dalinyebo Local Municipality	96 454	16 731				
		Total: O.R. Tambo Municipalities				343 182	387 015	385 851			
ECR001	Matatiele Bulk Water Supply Scheme	C	DC44	Alfred Nzo District Municipality	Matatiele Local Municipality				66 000	36 209	8 319
ECR036	Mount Ayliff Bulk Water Supply Scheme	C	DC44	Alfred Nzo District Municipality	Umzimvubu Local Municipality				40 000	30 642	53 102
EC NEW	Kinira Regional BWSS	C	DC44	Alfred Nzo District Municipality					1 500	16 000	17 000
ECR 044	Ntabankulu Bulk Water Supply	C	DC44	Alfred Nzo District Municipality	Ntabankulu Local Municipality				1 500	11 000	19 000
EC NEW	Mount Ayliff Bulk Peri Urban Water Supply	C	DC44	Alfred Nzo District Municipality	Umzimvubu Local Municipality				20 000	38 000	52 000
EC NEW	Mkernane Regional Bulk WSS	C	DC44	Alfred Nzo District Municipality					2 500	10 000	40 000
ECR008	Mbizana Regional Bulk Water Supply	C	DC44	Alfred Nzo District Municipality	Mbizana Local Municipality				80 000	92 952	79 838
		Total: Alfred Nzo Municipalities							211 500	234 803	269 259
		Total: Eastern Cape Municipalities									
						563 943	569 106	525 001	575 565	473 570	485 380

APPENDIX W5
APPENDIX TO SCHEDULE 5, PART B AND SCHEDULE 6, PART B: REGIONAL BULK INFRASTRUCTURE GRANT
BREAKDOWN OF REGIONAL BULK INFRASTRUCTURE GRANT ALLOCATIONS PER LOCAL MUNICIPALITY PER PROJECT

BREAKDOWN OF REGIONAL BULK INFRASTRUCTURE GRANT ALLOCATIONS PER LOCAL MUNICIPALITY PER PROJECT						SCHEDULE 5, PART B			SCHEDULE 6, PART B		
						National and Municipal Financial Year					
Project Code	Project Name	Category	Water Service Authority	Benefiting Municipality	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	
	FREE STATE										
FSR002	Jagersfontein / Fauresmith Bulk Water Supply	B	FS162	Kopanong Local Municipality	Kopanong Local Municipality			10 000			
FSR005	Rouxville / Smithfield /Zastron Bulk Water Supply	B	FS163	Mohokare Local Municipality	Mohokare Local Municipality		23 000	13 436	35 000		
FSR032	Trompsburg bulk water	B	FS162	Kopanong Local Municipality	Kopanong Local Municipality			5 700	15 500	28 000	
		Total: Xhariep Municipalities				23 000	13 436	50 700	15 500	28 000	
FSR011	Masilonyana Bulk Water Supply	B	FS181	Masilonyana Local Municipality	Masilonyana Local Municipality			32 000	30 000	35 302	
FSR008	Tokologo Regional Water Supply 2	B	FS182	Tokologo Local Municipality	Tokologo, Saul Platjie LMs		30 000	37 000	50 068		
	Tswelopele Bulk Water Supply	B	FS183	Tswelopele Local Municipality	Tswelopele Local Municipality			24 170	30 000	20 000	
	Nala Bulk Sewer	B	FS185	Nala Local Municipality	Nala Local Municipality			5 282			
FS038	Mathjabeng Bulk Sewer(Welkom)	B	FS184	Mathjabeng Local Municipality				10 000	35 000	60 000	
FS040	Masilonyana Bulk Sewer(Brandfort&Winburg)	B	FS181	Masilonyana Local Municipality	Masilonyana Local Municipality			11 883	25 000	30 000	
		Total: Lejweleputswa Municipalities				30 000	37 000	133 403	120 000	145 302	
FSR013	Setsoto Bulk Water Supply	B	FS191	Setsoto Local Municipality	Setsoto Local Municipality	30 715	45 000				
FSR003	Dihlabeng Bulk Water Supply	B	FS192	Dihlabeng Local Municipality	Dihlabeng Local Municipality			55 000	25 997	30 000	
FSR012	Nketoana Regional Water Supply	B	FS193	Nketoana Local Municipality	Nketoana Local Municipality			55 000	40 000	31 785	
FSR007	Sterkfontein Dam Bulk Water Supply	B	FS194	Maluti-a-Phofung Local Municipality	Maluti-a-Phofung Local Municipality		26 658	42 000	48 454		
FSR006	Phumelela Bulk Water Supply	B	FS195	Phumelela Local Municipality	Phumelela Local Municipality				27 440	28 616	
FSR015	Mantsopa-Tweespruit, Excelsior, Hobhouse Bulk Water Supply	B	FS196	Mantsopa Local Municipality	Mantsopa Local Municipality				33 560	3 625	
FSR041	Reitz upgrading WWTP	B	FS193	Nketoana Local Municipality	Nketoana Local Municipality				11 000	20 000	
FSR031	Mantsopa Bulk Sewer(Ladybrand)	B	FS193	Nketoana Local Municipality	Nketoana Local Municipality				3 000	15 000	
		Total: Thabo Mofutsanyana Municipalities				30 715	71 658	152 000	189 451	129 026	
FSR010	Moghaka Bulk Water Supply	B	FS201	Moghaka Local municipality	Moghaka Local municipality				30 000		
	Moghaka Bulk Sewer	B	FS201	Moghaka Local municipality	Moghaka Local municipality				10 000	15 000	
FSR009	Ngwathe Bulk Water Supply Phase 2	B	FS203	Ngwathe Local Municipality	Ngwathe Local Municipality				15 000	20 469	
	Ngwathe Bulk Sewer	B	FS203	Ngwathe Local Municipality	Ngwathe Local Municipality				20 000	25 000	
FSR021	Frankfort Bulk Sewer	B	FS205	Mafube Local Municipality	Mafube Local Municipality				30 000	40 000	
FSR039	Upgrading of Deneysville WWTW	B	FS204	Metsimaholo Local Municipality	Metsimaholo Local Municipality				10 000	45 000	
		Total: Fezile Dabi Municipalities							115 000	145 469	
		Total: Free State Municipalities				30 715	124 658	202 436	488 554	409 995	
	GAUTENG										
GPR001	Sedibeng Waste Water Treatment Works	B	DC42	Sedibeng District Municipality	Various				50 000	64 200	
GPR005	Sebokeng Waste Water Treatment Works	B	GT421	Emfuleni Local Municipality	Emfuleni Local Municipality				174 558	140 344	
GPR008	Rothdene pump station and raising main	B	GT422	Midvaal Local Municipality	Midvaal Local Municipality				21 442		
GPR006	Meyerton Waste Water Treatment Works	B	GT422	Midvaal Local Municipality	Midvaal Local Municipality				49 500	33 500	
		Total: Sedibeng Municipalities							295 500	238 044	
GPR002	Westonaria Regional Bulk Sanitation (Zuurbekom)	B	GT485	GT485	GT485				15 000	80 000	
GPR009	Mohlakeng pump station and sewer outfall	B	GT485	GT485	GT485				36 000	28 000	
		Total: West Rand Municipalities							51 000	108 000	
		Total: Gauteng Municipalities							346 500	346 044	

APPENDIX W5
APPENDIX TO SCHEDULE 5, PART B AND SCHEDULE 6, PART B: REGIONAL BULK INFRASTRUCTURE GRANT
BREAKDOWN OF REGIONAL BULK INFRASTRUCTURE GRANT ALLOCATIONS PER LOCAL MUNICIPALITY PER PROJECT

BREAKDOWN OF REGIONAL BULK INFRASTRUCTURE GRANT ALLOCATIONS PER LOCAL MUNICIPALITY PER PROJECT						SCHEDULE 5, PART B			SCHEDULE 6, PART B		
						National and Municipal Financial Year					
Project Code	Project Name	Category		Water Service Authority	Benefiting Municipality	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)
	KWAZULU-NATAL										
KNR013	Mhlabatshane Bulk Water Supply	C	DC21	Ugu District Municipality	Umzumbe Local Municipality	12 776					
		Total: Ugu Municipalities				12 776					
KNR006	Greater Eston Water Scheme	C	DC22	Umgungundlovu District Municipality	Mkhambathini Local Municipality						
		Total: Umgungundlovu Municipalities									
KNR020	Spioenkop to Ladismith BWS	C	DC22	Uthukela District Municipality	KZN238		22 791	197 906			
KNR010	Driefontein Indaka Bulk Water Supply	C	DC23	Uthukela District Municipality	KZN238	80 000	79 629				
		Total:Uthukela Municipalities				80 000	102 420	197 906			
KNR008	Greytown Regional Bulk Scheme	C	DC24	Umqinyathi District Municipality	Umvoti Local Municipality	106 377	79 206	145 362			
		Total: Umqinyathi Municipalities				106 377	79 206	145 362			
KNR001	Nongoma Bulk Water Scheme	C	DC26	Zululand District Municipality	Nongoma Local Municipality	80 357	60 322	23 200			
KNR002	Mandlakazi Bulk Water Supply	C	DC26	Zululand District Municipality	uPhongolo & Nongoma Local Municipalities	27 654					
		Total: Zululand Municipalities				108 011	60 322	23 200			
KNR015	Pongolapoort Bulk Water Scheme	C	DC27	Umkhanyakude District Municipality	Jozini Local Municipality				45 000	20 140	
KNR014	Dukuduku Resettlement	C	DC27	Umkhanyakude District Municipality	Mtubatuba/ KZN276 Local Municipalities				15 247		
		Total: Umkhanyakude Municipalities							60 247	20 140	
KNR005	Nsezi Bulk Water Scheme	C	DC28	uThungulu District Municipality	Mfolozi Local Municipality						
	Greater Mthonjaneni Bulk Water Supply	C	DC28	uThungulu District Municipality	KZN285/ Nkandla Local Municipalities	162 227	56 409	63 716			
KNR016	Middeldrift (Nkandla) Regional Bulk Water Supply	C	DC28	uThungulu District Municipality	Nkandla Local Municipality	48 997	117 192	118 811			
		Total: uThungulu Municipalities				211 224	173 601	182 527			
KNR011	Ngebo Regional Water Bulk (Lower Tugela)	C	DC29	iLembe District Municipality	Maphumulo Local Municipality		130 000				
KNR011	Ngebo Regional Water Bulk (Lower Tugela)	C	DC29	iLembe District Municipality	Maphumulo Local Municipality				156 093		
		Total: iLembe Municipalities					130 000		156 093		
KNR007	Greater Bulwer Donnybrook Water Scheme	C	DC43	Harry Gwala District Municipality	KZN436 and Ubhehebezwe Local Municipality	60 000	100 000	38 718			
		Total: Harry Gwala Municipalities				60 000	100 000	38 718			
		Total: KwaZulu-Natal Municipalities				578 388	645 549	587 713	216 340	20 140	

APPENDIX W5
APPENDIX TO SCHEDULE 5, PART B AND SCHEDULE 6, PART B: REGIONAL BULK INFRASTRUCTURE GRANT
BREAKDOWN OF REGIONAL BULK INFRASTRUCTURE GRANT ALLOCATIONS PER LOCAL MUNICIPALITY PER PROJECT

BREAKDOWN OF REGIONAL BULK INFRASTRUCTURE GRANT ALLOCATIONS PER LOCAL MUNICIPALITY PER PROJECT					SCHEDULE 5, PART B			SCHEDULE 6, PART B			
					National and Municipal Financial Year						
Project Code	Project Name	Category		Water Service Authority	Benefiting Municipality	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)
	LIMPOPO										
LPR018	Giyani Bulk W ater Supply Drought relief	C	DC33	Mopani District Municipality	Greater Giyani Local Municipality				19 882		
LPR027	Giyani Water Services	C	DC33	Mopani District Municipality	Greater Giyani Local Municipality				140 400		
LPR017	Maruleng	C	DC33	Mopani District Municipality	Maruleng Local Municipality				35 000	26 054	
		Total: Mopani Municipalities							195 282	26 054	
LPR020	Provincial High Catalytic Projects - Mutash Hub	C	DC34	Vhembe District Municipality	LIM341				19 600	59 953	6 790
LPR005	Makhado West and Extension to Nandoni Dam	C	DC34	Vhembe District Municipality	Makhodo Local Municipality						50 000
LPR016	Sinthumule Kutama Bulk Water Supply	C	DC34	Vhembe District Municipality	Makhodo Local Municipality				52 000		
	Mpofana (excluding Cadham voting district)	Total: Vhembe Municipalities							71 600	59 953	56 790
LPR023	Polokwane Waste Water Treatment Works	B	DC35	Capricorn District Municipality	LIM354	50 000	72 264	100 000			
	Polokwane Bulk Water Supply	B	DC36	Capricorn District Municipality	LIM354	130 159	100 000	149 050			20 000
LPR001	Matoks Regional Water Scheme	B	DC35	Capricorn District Municipality	LIM353				40 000		
LPR022	Aganang Bulk Water Supply	B	DC35	Capricorn District Municipality	LIM354				15 000		30 000
		Total: Capricorn Municipalities				180 159	172 264	249 050	55 000		50 000
LPR004	Magalies Water to Waterberg	B	LIM367	Mookgopong Local Municipality	LIM368				17 000		
LPR015	Mogalakwena Bulk Water Supply	B	LIM367	Mogalakwena Local Municipality	Mogalakwena Local Municipality				140 000	112 000	136 488
		Total: Waterberg Municipalities							157 000	112 000	136 488
LPR019	Moutse Bulk Water Supply	C	DC47	Sekhukhune District Municipality	Ephraim Mogale/ Elias Motsaledi LMs				17 228		
LPR011	Nebo Bulk Water Supply	C	DC47	Sekhukhune District Municipality	LIM476/ Makhudutmahaga LMs				145 000	148 000	162 400
LPR021	Lebalelo Central & North Regional Water Scheme	C	DC47	Sekhukhune District Municipality	LIM476				20 617	70 000	100 000
	Nebo Bulk Water Supply- De Hoop Augmentation /North/ South/ Steelpoort	C	DC47	Sekhukhune District Municipality	LIM476				40 000	60 000	38 192
LPR012	De Hoop Water Treatment Works	C	DC47	Sekhukhune District Municipality	LIM476				120 000	110 000	262 645
LPR021	Sekhukhune DM Regional Bulk Water Supply (De Hoop)	C	DC47	Sekhukhune District Municipality	Various				28 481	132 377	41 499
		Total: Sekhukhune Municipalities							371 326	520 377	604 736
Total: Limpopo Municipalities						180 159	172 264	249 050	850 208	718 384	848 014
	MPUMALANGA										
MPR022	Empul/Methu/Amster Bulk Water Supply	C	DC301	Albert Luthuli Local Municipality	Albert Luthuli Local Municipality			20 000			
MPR026	Lushushwane Bulk Water Scheme	C	DC301	Albert Luthuli Local Municipality	Albert Luthuli Local Municipality	25 389	25 320	32 000			
MPR021`	Eerstehoek/Ekulindeni Bulk Water Supply	C	DC302	Albert Luthuli Local Municipality	Albert Luthuli Local Municipality			25 621			
MPR027	Amsterdam and Sheepmore Bulk Water Scheme	C	DC301	Albert Luthuli Local Municipality	Albert Luthuli Local Municipality	12 300	14 882				23 000
MPR023	Balfour Waste Water Treatment Works	C	DC306	Dipaleseng Local Municipality	Dipaleseng Local Municipality	22 970	32 508				
MPR024	Balf/Siyat/Greyt/Willem/Nthor Bulk Water Supply	C	DC306	Dipaleseng Local Municipality	Dipaleseng Local Municipality	36 605	16 690	52 000			
		Total: Gert Sibande Municipalities				97 264	89 400	129 621			23 000
MPR028	Upgrade of Delmas Waste Water	B	MP311	Victor Khanye Local Municipality	Victor Khanye Local Municipality				23 100	33 403	
	Upgrade of Botleng Waste Water	B	MP311	Victor Khanye Local Municipality	Victor Khanye Local Municipality				18 000	2 642	
MPR017	Emalahleni Bulk Water Supply	B	MP312	Emalahleni Local Municipality	Emalahleni Local Municipality				4 699		
	Emalahleni Water Scheme	B	MP312	Emalahleni Local Municipality	Emalahleni Local Municipality				45 176	19 870	56 941
	Thembisile Water Scheme (Loskop)	B	MP315	Thembisile Hani Local Municipality	Thembisile Hani Local Municipality				12 230	15 700	31 000
MPR005	Western Highveld (Rust de Winter) Bulk Water Scheme	B	MP316	Dr JS Moroka Local Municipality	Dr JS Moroka Local Municipality				51 100	62 777	102 347
		Total: Nkangala Municipalities							154 305	134 392	190 288
MPRNEW	Bushbuckridge Water Services										
MPRNEW	Hoxane Bulk Water Supply(Phase 3 Extension)	B	MP325	Bushbuckridge Local Municipality	Bushbuckridge Local Municipality	140 000			50 000		
MPR004	MP Lowveld feasibility Study	B	MP326	Bushbuckridge Local Municipality	Bushbuckridge Local Municipality				42 820	27 003	
MPR019	Northern Nzikazi Bulk Water Supply	B	MP326	MP326	MP326				1 700	3 280	15 266
MPR018	Driekoppies Upgrading	C	DC32	Nkomazi Local Municipality	Nkomazi Local Municipality		38 754	63 438	66 000		
MPR020	Sibange Bulk Water Supply	C	DC32	Nkomazi Local Municipality	Nkomazi Local Municipality				13 150	22 522	42 528
		C	DC32	Nkomazi Local Municipality	Nkomazi Local Municipality				15 208	18 500	45 512
		Total: Ehlanzeni Municipalities				140 000	38 754	63 438	188 878	71 305	103 306
		Total: Mpumalanea Municipalities				237 264	128 154	193 059	343 183	205 697	316 594

APPENDIX W5
APPENDIX TO SCHEDULE 5, PART B AND SCHEDULE 6, PART B: REGIONAL BULK INFRASTRUCTURE GRANT
BREAKDOWN OF REGIONAL BULK INFRASTRUCTURE GRANT ALLOCATIONS PER LOCAL MUNICIPALITY PER PROJECT

BREAKDOWN OF REGIONAL BULK INFRASTRUCTURE GRANT ALLOCATIONS PER LOCAL MUNICIPALITY PER PROJECT						SCHEDULE 5, PART B			SCHEDULE 6, PART B		
						National and Municipal Financial Year					
Project Code	Project Name	Category		Water Service Authority	Benefiting Municipality	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)
	NORTHERN CAPE										
NCR017	Bulk Water Supply to Porth Nolloth	B	NC061	Richtersveld Local Municipality	Richtersveld Local Municipality				15 857	19 857	
NCR012	Loeriesfontein Bulk Water Supply	B	NC065	Hantam Local Municipality	Hantam Local Municipality	14 212	11 988				
NCR027	Williston Bulk Water Supply	B	NC066	Karoo Hoogland	Karoo Hoogland		16 000	26 579			
NCR016	Bulk Water Supply to Brandvlei (Hantam)	B	NC065	Hantam Local Municipality	Hantam Local Municipality	5 282	12 438	30 000			
		Total: Namakwa Municipalities				19 494	40 426	56 579	15 857	19 857	
NCR015	De Aar Borehole Development	B	NC073	Emthanjeni Local Municipality	Emthanjeni Local Municipality				22 903	5 307	14 237
NCR024	Van Wyksvlei Bulk Water Supply	B	NC074	Kareeberg Local Municipality	Kareeberg Local Municipality	15 000	20 000	40 300			
NCR036	Marydale Bulk Water Supply	B	NC077	Siyathemba Local Municipality	Siyathemba Local Municipality				10 000		
NCR038	Douglas WTW Upgrading	B	NC078	Siyanquma Local Municipality	Siyanquma Local Municipality				14 000		
NCR023	Strydenburg Groundwater Development	B	NC076	Thembelihle Local Municipality	Thembelihle Local Municipality				5 715		
		Total: Pixley ka Seme Municipalities				15 000	20 000	40 300	52 618	5 307	14 237
NCR028	Kalahari East to Mier pipeline	B	NC087	NC087	NC087				36 937		
NCR029	Kakama Wastewater works	B	NC082	!Kai !Garib Local Municipality	!Kai !Garib Local Municipality					49 229	
	Upington Wasterwater treatment works	B	NC087	NC087	NC087				15 767		
		Total: Z.F. Mgcawu Municipalities							52 704	49 229	
NCR020	Bristown Oxidation Ponds	B	NC092	Sol Plaatjie Local Municipality	Sol Plaatjie Local Municipality	15 000	10 000				
	Ritchie Bulk Water Scheme	B	NC093	Sol Plaatjie Local Municipality	Sol Plaatjie Local Municipality	15 000	20 000				
NCR030	Windsorton to Holpan Bulk Water Supply	B	NC092	Dikgatlong Local Municipality	Dikgatlong Local Municipality				23 134	2 000	
	Warrenton Water Treatment Works	B	NC093	Magareng Local Municipality	Magareng Local Municipality				20 284	5 744	
		Total: Frances Baard Municipalities				30 000	30 000		43 418	7 744	
NCR031	Kathu Bulk Water Supply	B	NC453	Gamagara	Gamagara		10 000	69 329			
NCR018	Kuruman Bulk Water Supply	B	NC452	Ga-Segonyana Local Municipality	Ga-Segonyana Local Municipality						
		Total: John Taolo Gaetsewe Municipalities					10 000	69 329			
		Total: Northern Cape Municipalities				64 494	100 426	166 208	164 597	82 137	14 237
	NORTH WEST										
NWR005	Moretele Bulk Water Supply	B	NW371	Moretele Local Municipality	Moretele Local Municipality				38 500	37 995	110 060
NWR013	Madibeng Bulk Water Supply	B	NW372	Madibeng Local Municipality	Madibeng Local Municipality				187 591	187 503	
NWRNEW	Moretele North Bulk Water Supply	B	NW371	Moretele Local Municipality	Moretele Local Municipality				9 500	14 000	
NWRNEW	Koster Waste Water Treatment Works upgrade	B	NW374	Kgetlengrivier Local Municipality	Kgetlengrivier Local Municipality				26 000	60 065	
		Total: Bojanala Platinum Municipalities							261 591	299 563	110 060
NWR002	Ratlou Bulk Water Supply	C	DC38	Ngaka Modiri Molema	Ratlou Local Municipality				50 000	50 048	43 655
NWR014	Mafikeng South Bulk Water Supply	C	DC38	Ngaka Modiri Molema	Mafikeng Local Municipality				50 000	42 924	51 226
		Total: Ngaka Modiri Molema Municipalities							100 000	92 972	94 881
NWR018	Kagisano Molopo Bulk Water Supply	C	DC38	Dr Ruth Segomotsi Mompati District Municipality	Kagisano-Molopo	9 000	9 721	30 000			
NWR009	Taung/ Naledi Bulk Water Supply	C	DC39	Dr Ruth Segomotsi Mompati District Municipality	Greater Taung/ Naledi Local Municipalities	64 339	52 324	10 533			
MWR008	Greater Mamusa Bulk Water Supply	C	DC39	Dr Ruth Segomotsi Mompati District Municipality	Mamusa Local Municipality	40 000	54 813	96 000			
		Total: Dr Ruth Segomotsi Mompati Municipalities				113 339	116 858	136 533			
NWR016	Potchefstroom Waste Water Treatment Works upgrade	B	NW402	NW405	NW405				19 000	34 777	39 274
NWR010	Ventersdorp Bulk Water Supply	B	NW405	NW405	NW405				1 300		
NWR015	Wolmaransstad Waste Water Treatment Works	B	NW404	Maquassi Hills Local Municipality	Maquassi Hills Local Municipality				55 674		
		Total: Dr Kenneth Kaunda Municipalities							75 974	34 777	39 274
		Total: North West Municipalities				113 339	116 858	136 533	437 565	427 312	244 215

APPENDIX W5
APPENDIX TO SCHEDULE 5, PART B AND SCHEDULE 6, PART B: REGIONAL BULK INFRASTRUCTURE GRANT
BREAKDOWN OF REGIONAL BULK INFRASTRUCTURE GRANT ALLOCATIONS PER LOCAL MUNICIPALITY PER PROJECT

BREAKDOWN OF REGIONAL BULK INFRASTRUCTURE GRANT ALLOCATIONS PER LOCAL MUNICIPALITY PER PROJECT						SCHEDULE 5, PART B			SCHEDULE 6, PART B		
						National and Municipal Financial Year					
Project Code	Project Name	Category		Water Service Authority	Benefiting Municipality	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)
	WESTERN CAPE										
WCR018	Vanrhynsdorp Raw Water	B	WC011	Matzikama Local Municipality	Matzikama Local Municipality						15 158
WCR019	Klawer Bulk Water	B	WC011	Matzikama Local Municipality	Matzikama Local Municipality						4 573
WCR020	Citrusdal Waste Water Treatment Plant	B	WC012	Cederberg Local Municipality	Cederberg Local Municipality	2 660					
WCR003	Clanwilliam/ Lambertsbaai Regional Water Supply and Desalination	B	WC012	Cederberg Local Municipality	Cederberg Local Municipality	14 388					
WCR021	Clanwilliam Water Treatment Works	B	WC012	Cederberg Local Municipality	Cederberg Local Municipality	4 000	7 426				
		Total: West Coast Municipalities				21 048	7 426				19 731
WCR022	Paarl Bulk Sewer	B	WC023	Drakenstein Local Municipality	Drakenstein Local Municipality				1 900		
WCR023	Stellenbosch Waste Water Treatment Works	B	WC024	Stellenbosch Local Municipality	Stellenbosch Local Municipality	32 809					
		Total: Cape Winelands Municipalities				32 809			1 900		
WCR003	Tulbagh Bulk Water Supply	B	WC022	Witzenberg Local Municipality	Witzenberg Local Municipality	27 841	559				
WCR009	Grabouw Waste Water Treatment Plant	B	WC031	Theewaterskloof Local Municipality	Theewaterskloof Local Municipality						
		Total: Overberg Municipalities				27 841	559				
WCR015	Kannaland Dam Relocation	B	WC041	Kannaland Local Municipality	Kannaland Local Municipality				19 166	26 654	
WCR014	Calitzdorp & Ladismith Waste Water Treatment Works	B	WC041	Kannaland Local Municipality	Kannaland Local Municipality				10 000	20 000	33 937
WCR017	Outdtshoom Groundwater	B	WC045	Outdtshoom Local Municipality	Outdtshoom Local Municipality				20 247	30 346	50 000
WCR016	Bitou Cross Border Bulk	B	WC047	Bitou Local Municipality	Knysna/ Bitou Local Municipalities				5 000	30 000	40 000
		Total: Eden Municipalities							54 413	107 000	123 937
WCR024	Beaufort West Bulk Water	B	WC053	Beaufort West Local Municipality	Beaufort West Local Municipality					16 000	11 772
		Total: Central Karoo Municipalities								16 000	11 772
		Total: Western Cape Municipalities									
						81 698	7 985		56 313	123 000	155 440
National Total						1 850 000	1 865 000	2 060 000	3 478 825	2 806 279	2 931 443

APPENDIX W6

**APPENDIX TO SCHEDULE 5, PART A: BREAKDOWN OF EPWP INTEGRATED GRANT FOR PROVINCES: TARGETS AND ALLOCATIONS PER
PROVINCIAL DEPARTMENTS**

APPENDIX W6

**ANNEXURE TO SCHEDULE 5A: BREAKDOWN OF EPWP INTEGRATED GRANT FOR PROVINCES:
TARGETS AND ALLOCATIONS PER PROVINCIAL DEPARTMENT**

Public Works (Vote 11)	EPWP Integrated Grant to Provinces			
Province/Provincial Department	Number of FTEs to be created from allocations in 2016/17	Financial Year		
		<i>2016/17 (R'000)</i>	<i>2017/18 (R'000)</i>	<i>2018/19 (R'000)</i>
EASTERN CAPE				
Cooperative Governance and Traditional Affairs	13	2 000		
Economic Development, Environmental Affairs and Tourism	14	2 026		
Education	14	2 144		
Health	700	3 826		
Human Settlements	19	2 865		
Roads and Public Works	3 892	52 848		
Rural Development and Agrarian Reform	43	2 000		
Social Development	13	2 000		
Sport, Recreation, Arts and Culture	13	2 000		
Transport	38	5 661		
Total: Eastern Cape	4 759	77 370	81 564	86 295
FREE STATE				
Agriculture and Rural Development	29	2 145		
Economic, Small Business development, Tourism and Environmental Affairs	18	2 629		
Education	17	2 567		
Health	249	2 000		
Human Settlement	13	2 000		
Police, Roads and Transport	3 278	5 366		
Public Works and Infrastructure	44	6 530		
Sports, Arts, Culture and Recreation	16	2 404		
Total: Free State	3 664	25 641	27 031	28 599
GAUTENG				
Agriculture and Rural Development	32	2 836		
Cooperative Governance and Traditional Affairs	13	2 000		
Human Settlement	15	2 205		
Education	14	2 139		
Health	311	2 000		
Infrastructure Development	115	17 167		
Roads and Transport	1 309	2 449		
Sport, Arts, Culture and Recreation	14	2 024		
Total: Gauteng	1 823	32 820	34 599	36 606
KWAZULU-NATAL				
Agriculture and Rural Development	56	3 840		
Arts and Culture	13	2 000		
Co-operative Governance and Traditional Affairs	25	3 667		
Economic Development, Tourism and Environmental Affairs	46	6 927		
Education	19	2 790		
Health	1 202	7 122		
Human Settlements	102	15 194		
Public Works	30	4 471		
Sport and Recreation	13	2 000		
Transport	6 186	56 055		
Total: KwaZulu-Natal	7 692	104 066	109 708	116 071
LIMPOPO				
Agriculture	58	4 476		
Cooperative Governance, Human Settlement and Traditional Affairs	13	2 000		
Economic Development, Environment and Tourism	23	3 443		
Education	13	2 000		
Public Works, Roads and Infrastructure	2 864	4 826		
Sports, Arts and Culture	13	2 000		
Total: Limpopo	2 984	18 745	19 761	20 907

APPENDIX W6

**ANNEXURE TO SCHEDULE 5A: BREAKDOWN OF EPWP INTEGRATED GRANT FOR PROVINCES:
TARGETS AND ALLOCATIONS PER PROVINCIAL DEPARTMENT**

Public Works (Vote 11)	EPWP Integrated Grant to Provinces			
Province/Provincial Department	Number of FTEs to be created from allocations in 2016/17	Financial Year		
		<i>2016/17 (R'000)</i>	<i>2017/18 (R'000)</i>	<i>2018/19 (R'000)</i>
MPUMALANGA				
Agriculture, Rural Development, Land and Environmental Affairs	45	4 215		
Co-operative Governance and Traditional Affairs	19	2 762		
Culture, Sport and Recreation	13	2 000		
Economic Development and Tourism	26	3 911		
Education	21	3 066		
Health	203	2 311		
Human Settlements	13	2 012		
Public Works, Roads & Transport	4 576	20 504		
Social Development	14	2 074		
Total: Mpumalanga	4 930	42 855	45 178	47 798
NORTHERN CAPE				
Agriculture, Land Reform and Rural Development	33	2 000		
Cooperative Governance, Human Settlement and Traditional Affairs	13	2 000		
Economic Development and Tourism	14	2 030		
Education	13	2 000		
Environment and Nature Conservation	14	2 043		
Health	303	2 000		
Roads and Public Works	2 358	3 803		
Sport, Arts and Culture	13	2 000		
Total: Northern Cape	2 761	17 876	18 845	19 939
NORTH WEST				
Education and Sports Development	13	2 000		
Health	227	2 000		
Local Government and Human Settlement	13	2 000		
Public Works and Roads	2 441	30 740		
Rural, Environment and Agricultural Development	104	12 281		
Social Development	13	2 000		
Total: North West	2 811	51 021	53 787	56 906
WESTERN CAPE				
Agriculture	25	2 068		
Cultural Affairs and Sport	19	2 771		
Education	17	2 520		
Environmental Affairs and Development Planning	26	3 815		
Health	418	2 324		
Human Settlements	23	3 426		
Transport and Public Works	2 394	14 691		
Total: Western Cape	2 922	31 615	33 329	35 262
Unallocated		-	423 802	448 383
Grand Total	34 346	402 009	423 802	448 383

APPENDIX W7

**APPENDIX TO SCHEDULE 5, PART A: BREAKDOWN OF SOCIAL SECTOR EPWP INCENTIVE GRANT FOR PROVINCES: ALLOCATIONS PER
PROVINCIAL DEPARTMENT**

APPENDIX W7

APPENDIX TO SCHEDULE 5A: BREAKDOWN OF SOCIAL SECTOR EPWP INCENTIVE GRANT FOR PROVINCES: ALLOCATIONS PER PROVINCIAL DEPARTMENT

Province/Provincial Department	Social Sector Expanded Public Works Programme Incentive Grant for Provinces			
	Number of FTEs to be created from allocations in 2016/17	Financial Year		
		2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)
EASTERN CAPE				
Education	443	10 160		
Health	183	4 200		
Safety and Liaison	78	1 800		
Social Development	152	3 500		
Sport, Recreation, Arts and Culture	78	1 800		
Total: Eastern Cape	934	21 460	22 673	23 988
FREE STATE				
Education	131	3 000		
Health	131	3 000		
Social Development	619	14 179		
Sport, Arts, Culture and Recreation	78	1 800		
Total: Free State	959	21 979	23 337	24 690
GAUTENG				
Community Safety	78	1 800		
Education	1 251	28 661		
Health	183	4 200		
Social Development	572	13 108		
Sport, Recreation, Arts and Culture	96	2 200		
Total: Gauteng	2 180	49 969	53 454	56 555
KWAZULU-NATAL				
Community Safety and Liason	482	11 043		
Education	1 192	27 318		
Health	567	13 000		
Social Development	172	3 958		
Sport and Recreation	272	6 234		
Total: KwaZulu-Natal	2 685	61 553	65 503	69 303
LIMPOPO				
Education	152	3 500		
Health	963	22 060		
Social Development	490	11 242		
Total: Limpopo	1 605	36 802	39 207	41 481

APPENDIX W7

APPENDIX TO SCHEDULE 5A: BREAKDOWN OF SOCIAL SECTOR EPWP INCENTIVE GRANT FOR PROVINCES: ALLOCATIONS PER PROVINCIAL DEPARTMENT

Province/Provincial Department	Social Sector Expanded Public Works Programme Incentive Grant for Provinces			
	Number of FTEs to be created from allocations in 2016/17	Financial Year		
		2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)
MPUMALANGA				
Community Safety, Security and Liason	188	4 307		
Culture, Sport and Recreation	126	2 888		
Education	682	15 627		
Health	131	3 000		
Social Development	1 473	33 732		
Total: Mpumalanga	2 600	59 554	64 375	68 109
NORTHERN CAPE				
Education	127	2 925		
Health	665	15 230		
Social Development	152	3 500		
Sport, Arts and Culture	96	2 200		
Transport, Safety and Liaison	127	2 914		
Total: Northern Cape	1 167	26 769	28 974	30 654
NORTH WEST				
Education and Sport Developmet	595	13 637		
Health	547	12 542		
Social Development	693	15 874		
Total: North West	1 835	42 053	46 687	49 394
WESTERN CAPE				
Community Safety	137	3 144		
Cultural Affairs and Sport	177	4 054		
Education	815	18 677		
Health	162	3 732		
Social Development	433	9 916		
Total: Western Cape	1 724	39 523	41 373	43 773
Unallocated		-	385 583	407 947
Grand Total	15 689	359 662	385 583	407 947

APPENDIX W8

**APPENDIX TO SCHEDULE 6, PART A: BREAKDOWN OF NATIONAL HEALTH GRANT: ALLOCATIONS PER GRANT COMPONENT
PER PROVINCE**

APPENDIX W8

**APPENDIX TO SCHEDULE 6, PART A: BREAKDOWN OF NATIONAL HEALTH
INSURANCE INDIRECT GRANT: ALLOCATIONS PER GRANT COMPONENT PER
PROVINCE**

Health (Vote 16)	National Health Insurance Indirect Grant		
	2016 MTEF		
	<i>2016/17 (R'000)</i>	<i>2017/18 (R'000)</i>	<i>2018/19 (R'000)</i>
Province/Components/Sub-components			
Total Per Province			
Eastern Cape	168 411	391 031	107 727
Free State	125 356	152 901	98 200
Gauteng	44 519	53 480	55 952
KwaZulu-Natal	58 531	61 134	8 553
Limpopo	77 303	151 458	383 189
Mpumalanga	25 654	47 318	124 826
Northern Cape	14 671	2 905	2 368
North West	19 257	20 310	2 632
Western Cape	26 876	28 534	4 145
Unallocated	700 653	753 967	977 267
Total	1 261 230	1 663 037	1 764 859
<i>of which:</i>			
Health Facility Revitalisation Grant Component			
Eastern Cape	127 383	346 187	98 188
Free State	107 075	132 699	93 397
Gauteng	26 091	33 157	51 215
KwaZulu-Natal	818		
Limpopo	61 911	132 803	375 032
Mpumalanga	14 586	34 224	119 760
Northern Cape	12 713		
North West			
Western Cape			
Unallocated	442 505	269 914	250 767
Total	793 082	948 984	988 359
Human Papillomavirus Vaccine Grant Component			
Eastern Cape	39 120	39 120	
Free State	17 320	17 320	
Gauteng	17 481	17 481	
KwaZulu-Natal	56 002	56 002	
Limpopo	13 760	13 760	
Mpumalanga	10 055	10 055	
Northern Cape	1 484	1 484	
North West	18 731	18 731	
Western Cape	26 047	26 047	
Unallocated			
Total	200 000	200 000	

APPENDIX W8

**APPENDIX TO SCHEDULE 6, PART A: BREAKDOWN OF NATIONAL HEALTH
INSURANCE INDIRECT GRANT: ALLOCATIONS PER GRANT COMPONENT PER
PROVINCE**

Health (Vote 16)	National Health Insurance Indirect Grant		
	2016 MTEF		
Province/Components/Sub-components	<i>2016/17 (R'000)</i>	<i>2017/18 (R'000)</i>	<i>2018/19 (R'000)</i>
Health Professionals Contracting Component			
Eastern Cape			
Free State			
Gauteng			
KwaZulu-Natal			
Limpopo			
Mpumalanga			
Northern Cape			
North West			
Western Cape			
Unallocated	258 148	318 053	336 500
Total	258 148	318 053	336 500
Information Systems Component			
Eastern Cape			
Free State			
Gauteng			
KwaZulu-Natal			
Limpopo			
Mpumalanga			
Northern Cape			
North West			
Western Cape			
Unallocated		166 000	390 000
Total		166 000	390 000
Ideal Clinics Component			
Eastern Cape	1 908	5 724	9 539
Free State	961	2 882	4 803
Gauteng	947	2 842	4 737
KwaZulu-Natal	1 711	5 132	8 553
Limpopo	1 632	4 895	8 157
Mpumalanga	1 013	3 039	5 066
Northern Cape	474	1 421	2 368
North West	526	1 579	2 632
Western Cape	829	2 487	4 145
Unallocated			
Total	10 000	30 000	50 000

APPENDIX W9

APPENDIX TO SCHEDULE 6, PART A: BREAKDOWN OF SCHOOL INFRASTRUCTURE BACKLOGS GRANT: ALLOCATIONS PER PROVINCE

APPENDIX W9

**APPENDIX TO SCHEDULE 6, PART A: BREAKDOWN OF SCHOOL INFRASTRUCTURE
BACKLOGS GRANT: ALLOCATIONS PER PROVINCE**

Basic Education (Vote 14)	School Infrastructure Backlogs Grant		
Province	Financial Year		
	<i>2016/17 (R'000)</i>	<i>2017/18 (R'000)</i>	<i>2018/19 (R'000)</i>
Eastern Cape	1 543 664		
Free State	237 487		
Gauteng			
KwaZulu-Natal	106 869		
Limpopo	83 120		
Mpumalanga	83 120		
Northern Cape	23 749		
North West	35 623		
Western Cape	142 492		
Unallocated	118 743		
Total	2 374 867		

APPENDIX W10

APPENDIX TO SCHEDULE 4, PART A AND SCHEDULE 5, PART A: BREAKDOWN OF RING-FENCED DISASTER ALLOCATION FOR PROVINCES PER GRANT

APPENDIX W10

**APPENDIX TO SCHEDULE 4, PART A AND SCHEDULE 5, PART A: BREAKDOWN OF RING-FENCED
DISASTER ALLOCATION FOR PROVINCES PER GRANT**

GRANT NAME	RING-FENCED DISASTER ALLOCATION PER PROVINCE		
	Final Amounts		
	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)
COMPREHENSIVE AGRICULTURE SUPPORT PROGRAMME GRANT			
Eastern Cape			
Free State			
Gauteng			
KwaZulu-Natal			
Limpopo	15 555	10 001	
Mpumalanga	20 326	10 326	
Northern Cape			
North West			
Western Cape	40 853	40 000	
Total: COMPREHENSIVE AGRICULTURE SUPPORT GRANT	76 734	60 327	
EDUCATION INFRASTRUCTURE GRANT			
Eastern Cape	61 550		
Free State			
Gauteng			
KwaZulu-Natal			
Limpopo			
Mpumalanga			
Northern Cape			
North West	51 431		
Western Cape			
Total: EDUCATION INFRASTRUCTURE GRANT	112 981		
HEALTH FACILITY REVITALISATION GRANT			
Eastern Cape			
Free State			
Gauteng			
KwaZulu-Natal			
Limpopo			
Mpumalanga			
Northern Cape			
North West			
Western Cape			
Total: HEALTH FACILITY REVITALISATION GRANT			
HUMAN SETTLEMENTS DEVELOPMENT GRANT			
Eastern Cape	100 000	134 261	
Free State			
Gauteng	47 379		
KwaZulu-Natal			
Limpopo	29 678		
Mpumalanga	17 952		
Northern Cape			
North West			
Western Cape			
Total: HUMAN SETTLEMENTS DEVELOPMENT GRANT	195 009	134 261	
PROVINCIAL ROADS MAINTENANCE GRANT			
Eastern Cape	90 000	90 000	80 000
Free State			
Gauteng			
KwaZulu-Natal			
Limpopo	100 000	130 000	130 000
Mpumalanga	50 000	50 000	
Northern Cape			
North West			
Western Cape	58 123		
Total: PROVINCIAL ROADS AND MAINTENANCE GRANT	298 123	270 000	210 000
Grand Total	682 847	464 588	210 000

Printed by Creda Communications

ISBN 978-1-4850-0294-9



water & sanitation

Department
Water and Sanitation
REPUBLIC OF SOUTH AFRICA

DRAFT NATIONAL SANITATION POLICY

COMMENTS REGISTER – Version 5.0

14 January 2016

1 EXPLANATORY NOTES

1.1 Document purpose

This matrix sets out all public comments on the Draft National Sanitation Policy version 5.0.

2. Policy Position: Equity			
NO.	CONTRIBUTOR	SECTOR	COMMENTS
1			

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NO.	CONTRIBUTOR	SECTOR	COMMENTS

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water & sanitation

Department:
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14 January 2016

DRAFT NATIONAL SANITATION POLICY 2016



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1 Introduction

It's not all about flushing

"We must introduce new technologies that appreciate that water is a scarce resource and as such provide solutions to dispose of effluent via alternative methods. It's not all about flushing"...."We must begin by challenging the property development sector through regulation and licensing requirements to invest itself in developing properties less reliant on water for sanitation in order to ensure we introduce the alternative solutions to low, middle and high income areas"

The Minister of Water and Sanitation, Ms. Nomvula Mokonyane, National Sanitation Indaba (DWS, 2015)

Sanitation is a public good – while sanitation is an intensely private social sphere of the water value chain, it is also a public good with environmental and health protection benefits accruing well beyond the household boundary. Addressing backlogs in access to sanitation is thus through holistic public interventions.

The sanitation sector is currently regulated by three policy documents, namely the White Paper on Water Supply and Sanitation (1994); the White Paper on a National Water Policy of South Africa (1997) and the White Paper on Basic Household Sanitation (2001). These policy documents provide a suite of procedures, rules and allocation mechanisms for sanitation in the country, which are implemented through the policy instrument of laws and regulations; economic measures; information and education programmes; and assignment of rights and responsibilities for providing services. Implementation of the South African sanitation policy is guided by the Strategic Framework for Water Services (2003), which provides the 10 year roadmap for addressing the countries water supply and sanitation service delivery imperatives.

The Department of Human Settlements, in conjunction with sanitation partners, reviewed the above mentioned policy documents and developed the 2012 Draft National Sanitation Policy to regulate sanitation in the country. Although completed to the stage of extensive consultations, the Draft National Sanitation Policy was never gazetted as the policy for the country. The Draft National Sanitation Policy did however identify gaps in the earlier policies and addressed key areas. With the White Paper on Basic Household Sanitation focussing largely on rural sanitation and on-site systems, the Draft National Sanitation Policy of 2012 was developed to address the entire sanitation value chain.

Since the promulgation of the earlier sanitation policy documents, and based on several years of implementation, a number of challenges and unintended consequences have been identified that require a sanitation policy review, and consequent legislative amendment. The sanitation regulatory responsibilities have been unclear over this period, shifting between departments, while responsibility for implementation of these services, as required by the Constitution of South Africa (South Africa, 1996), devolving to local government. This has resulted in significant changes to the sector, requiring a review of the current policies and strategy to address gaps in current sanitation policy positions.

South Africa's developmental path has been reviewed and refined over the past 20 years. The most recent development plan for South Africa is the National Development Plan (NDP), which is implemented through the Medium Term Strategic Framework (MTSF). These developmental documents will steer the sanitation sector for the next 15 years.

South Africa is expected in future to experience increased urbanisation, placing greater challenges on urban sanitation systems. At the same time, growing and changing human settlement types in rural areas are placing increased strain on small and limited sanitation systems. Sanitation services in future will need to place greater emphasis on human settlement appropriate systems, where significant consideration of available resources such as water will be placed on sanitation system choice.

The values underpinning future sanitation services in the country will be to place greater emphasis on applying the principles of 'polluter pays', 'user pays' and on increasing the recognition of the economic value of sanitation, as these are crucial to sustainable sanitation services provision in this changing environment.

The policy positions addressed in this document emanate from a review of the sanitation White Papers and a review of South Africa's future developmental vision.

The policy positions outlined below address gaps in current sanitation policies, which may require legislative amendment and the policy position amendments which are needed for the sanitation sector to support South Africa's developmental vision. All policy positions in current sanitation policy (1994; 1997 and 2001) which are not highlighted in this document for amendment remain valid. The policy endorses the national sanitation targets, as outlined in the MTSF, of an increase in the percentage of households with access to a functional sanitation service from 84% in 2013 to 90% by 2019, including elimination of bucket sanitation in the formal areas. The policy adopts the MTSF position that work will proceed to progressively reduce differences in access to adequate sanitation, as well as in reversing apartheid geography and strengthening the social wage. Initiatives that will enable societal engagement to improve service delivery will include promoting citizen-based monitoring of government service delivery.

Sanitation services in South Africa acknowledges the Batho Pele principles of consultation, service standards, access, courtesy, information, openness and transparency, redress and value for money.

The Department of Water and Sanitation's mandated function in the sanitation sector is the macro planning, regional bulk services, monitoring and regulating of sanitation activities, in accordance with the Constitution. This requires the capacity to establish national policy guidelines, a national water and sanitation strategy, the authorisation of waste discharge, the formulation of conditions for State subsidies, the development and enforcement of regulations, the setting of minimum services standards as well as monitoring and regulating sanitation service provision. The Minister's roles and responsibility in sanitation, as outlined in the 1994 White Paper, 1997 Water Services Act, 2001 White Paper on Basic Household Sanitation and the 2003 Strategic Framework for Water Services, remains unchanged. The status quo is that the Minister of Water and Sanitation is responsible for national sanitation policy, regulation and coordination.

The scope of the policy include the policy positions required to support equity in the sanitation sector; to strengthen sanitation institutions and to ensure sustainable sanitation provision in the country, including positions related to

Equity in sanitation service provision

1. Sanitation in human settlements
2. Free Basic Sanitation
3. Sanitation service provision on privately owned land
4. Sanitation provision to backyard dwellers
5. Sanitation provision in informal settlements
6. Emergency sanitation

Sanitation service provision institution

7. Sanitation at public institutions
8. Bulk Sanitation Infrastructure and Establishment and Function of Regional Water and Sanitation Utilities
9. Integrated planning of sanitation
10. National Water and Sanitation Advisory Committee
11. Enforcement of Sanitation regulations

Sustainable sanitation service provision

12. Hygiene and End-user Education

13. Greywater management in sanitation
14. Reduce, reuse, recycle, recover and reclamation
15. Effluence management
16. Operation and maintenance in the sanitation sector
17. Appropriate Technologies
18. Economically and Financially Sustainable Sanitation
19. Water stewardship in sanitation

2 Sanitation Services Principles

1. The right to access to basic sanitation

Ensuring universal access to basic sanitation is recognised as a Constitutional responsibility of the national sphere of government, with Constitution responsibility of provision of basic sanitation services at the local sphere of government. Local government must take reasonable measures to realise this right.

2. Prioritising hygiene and end-user education in sanitation service provision

Hygiene education is crucial to maximise the public benefit of sanitation service provision. Sanitation improvement must prioritise hygiene education in planning and implementation. End-user education is necessary for consumers to understand their sanitation rights, responsibility and water conservation and demand management must also be prioritised in sanitation improvement. Hygiene and end-user education must be continuous, have varying emphasis based on needs and address all geographic areas of the country.

3. Prioritising basic sanitation services to vulnerable people and unserved households

Provision of basic sanitation services must be prioritised and supported for vulnerable people and unserved households. Basic sanitation service provision to vulnerable people must accommodate the special access requirements of these individuals and households.

4. People-centred and demand-driven sanitation service provision

Provision of sanitation services must be people-centred and demand-driven. This requires that sanitation services must recognise sanitation as a right, consider consumers expectations and needs in planning and implementing sanitation services to maximise benefits to the local economy through local job creation and use of local enterprises. Decision making and control will be devolved as far as possible to accountable local structures. There is a reciprocal obligation on communities to accept responsibility for their own development and governance, with the assistance of the State.

5. Polluter pays principle

The principal of "the polluter pays" must be upheld. Any reduction of receiving water quality should have a value assigned to it and must be address through legislative processes and procedures. Water quality management shall include the use of economic incentives and penalties to reduce pollution; and the possibility of irretrievable environmental degradation as a result of pollution shall be prevented.

6. User pays principle

Beneficiaries of the water management system shall contribute to the cost of its establishment and maintenance on an equitable basis. This is a central principle to ensure sustainable and equitable development, as well as efficient and effective management. Implementation, regulation and enforcement of the user pays principle are central to sustainable sanitation service provision.

7. Sanitation has economic value

The way in which sanitation services are provided must reflect the growing scarcity of good water quality in South Africa in a manner which reflects their value and does not undermine long term sustainability and economic

growth. The public and economic benefit of improved sanitation must be recognised and valued. The economic value of sanitation by-products should be recognised and the reuse of these products encouraged, particularly as a resource in energy generation.

8. Integrated development

Sanitation developments are not possible in isolation from development in other sectors. The public health benefits of improved sanitation are maximised when sanitation is planned and provided in an integrated manner with other basic services. Co-ordination is necessary with all tiers of government and other involved parties and maximum direct and indirect benefit must be derived from development in, for instance, education and training, job creation and the promotion of local democracy.

9. Equitable regional allocation of development resources

The limited national resources available to support the provision of basic services should be equitably distributed among regions, taking account of population and level of development.

10. Recognising the value of sanitation by-products

The full value of sanitation by-products needs to be fully realised and reinvested into the system so as to foster increased investments and generate efficiency gains. A stronger focus is needed on maximising recovery, use, reuse and recycling of sanitation by-products could deliver efficiency gains along the entire sanitation value chain, as the by-product would become a valuable resource instead of a cost that needs to be minimised or avoided.

11. Prioritising operation and maintenance

Every infrastructural development requires a long term sustainability plan which addresses the total life-cycle operating and maintenance requirements. Sufficient resources must be allocated to *maintain the sanitation services infrastructure and related systems adequately*. The planning of capital expenditures must also be integrated with the associated operation and maintenance requirements and expenditures.

12. Integrated waste management

Human waste is only one of a range of wastes emanating from households, including solid waste, grey water and human waste. Management of these household waste streams must be in an integrated and coordinated manner to ensure safe storage, removal and management of all household waste.

3 Sanitation Definitions

One of the key gaps in the current sanitation policies is the divergent sanitation definitions which are gazetted. New national and international developments in the sanitation sector have also resulted in new and changing sanitation definitions for various components of the sector. There is a need for policy positions to clarify these definitional uncertainties in sanitation terminology to ensure consistency in future.

The SFWS (2003) advocates that the *sanitation definitions will be revised in future once greater progress has been made in addressing the existing backlog in services provision and as affordability increases as a result of economic growth. National government will provide additional funds for the provision of basic water services in terms of any revised definition.*

Terminology	Policy Position
Appropriate technology	<p>The application of equipment, systems, tools and techniques suitable for a specific occasion or circumstance.</p> <p>Appropriate technologies are those which meet the Appropriate Technology criteria and process, as developed and authorised by the National Water and Sanitation Advisory Committee. Criteria to include safe and accessible services for children and other people with special needs.</p> <p>The Minister will develop norms and standards for appropriate technology.</p>
Basic sanitation	<p>the minimum acceptable basic level of sanitation is:</p> <ol style="list-style-type: none"> appropriate health and hygiene awareness and behaviour; the lowest cost, appropriate system for disposing of human excreta, household waste water, grey water, which considers resource constraints, is acceptable and affordable to the users; safe including for children, hygienic and easily accessible and which does not have an unacceptable impact on the environment; and a toilet and hand washing facility for each household. ensures clean living environment at a household and neighbourhood levels Including supervision of defecation practices of small children
Basic sanitation facility	<p>Adjust the current definition (for example) to read: The infrastructure necessary to provide an appropriate sanitation facility which considers natural (water, land, topography) resource constraints, is safe including for children, reliable, private, socially acceptable, maintainable, locally protected from the weather and ventilated, keeps smells to the minimum, is easy to keep clean, minimises the risk of the spread of sanitation-related diseases by facilitating the appropriate control of disease carrying flies and pests, facilitates hand washing and enables safe and appropriate treatment and/or removal of human waste and wastewater in an environmentally sound manner.</p>
Basic sanitation services	<p>Definition amended to read: the provision of an appropriate basic sanitation</p>

Terminology	Policy Position
	facility which is environmental sustainable, easily accessible to a household, the sustainable operation of the facility, including the safe removal of human waste, grey-water and wastewater from the premises where this is appropriate and necessary, and the communication and local monitoring of good sanitation, hygiene and related practices.
Community	A body of people having common interest, or living in the same geographic place under the same laws and regulations
Dense settlement	An area that has been populated by residents with a relatively high mass per unit volume such that there is little open or unoccupied space
Domestic education	Is defined as ongoing consumer education on sanitation services rights, responsibilities, facility operation and maintenance and water conservation and demand management including reduce, reuse, recycle and recover principles.
Greywater	Wastewater resulting from the use of water for domestic purposes, but does not include human excrete
Healthcare Professional	Any person who is registered in terms of the Health Professions Act, as an independent practitioner with the Health Professions Council of South Africa (HPCSA), and who is allowed to practice in terms of the regulations defining the scope of the Professional Environmental Health.
Free basic Sanitation	Free basic sanitation is defined as the provision of a basic sanitation service from government at no charge to registered indigents within municipal boundaries.
Hygiene	Personal and household practices that serve to prevent infection and keep people and environments clean. The conditions and practices that help to maintain health and prevent the spread of diseases.
Hygiene education	Relates to all activities that aim to increase an individual's knowledge about issues relating to personal habits and practices that affect one's health, particularly in relation to water and sanitation services. Hygiene education includes personal hygiene, hand hygiene, food hygiene, human waste hygiene and environmental hygiene education to change sanitation behaviours.
Hygiene promotion	Systematic approaches to encourage the widespread adoption of safe hygiene practices in order to reduce diarrhoeal and other water- and sanitation-related diseases. Hygiene promotion focuses on determinants of behaviour change, which may not necessarily be directly related to knowledge of the health consequences of poor hygiene.
Indigent	Indigent means "lacking the necessities of life". The definition of indigent from the National Framework for a Municipal Indigent Policy is accepted. The National Treasury definition of a 'poverty line' is also acknowledge to determine indigence
Indoor sanitation facility	An interim measure to provide privacy to the user, be readily accessible and in close walking distance, and provide for the safe disposal of human waste.

Sanitation technology	Policy Position
	Including hygiene and end-user education.
Sanitation at public institutions	Is defined as basic sanitation service provision at to public institutions including (but not limited to) schools, academic institutions, clinics, hospitals, crèches and day-care centres, libraries, old-age homes, churches, sporting facilities, police stations and correctional facilities, and public areas and public spaces.
Sanitation	Policy definition is amended to read: "Sanitation" refers to the principles and practices relating to the collection, removal or disposal of human excreta and household, public institution, industrial, agricultural and mining waste water, gray water waste as they impact upon people and the environment. Good sanitation includes appropriate health and hygiene education and behaviour, hand hygiene and acceptable, affordable and sustainable sanitation services.
Sanitation service	Sanitation service definition amended to read: The collection, removal, treatment and/or disposal of human excreta, and domestic public institution wastewater, and the collection, treatment and/or disposal of municipal, agricultural, mining and industrial wastewater. This includes all the organisational arrangements necessary to ensure the provision of sanitation services including, amongst others, consideration of natural resources, social acceptance, appropriate health, hygiene and sanitation-related awareness and technologies, the measurement of the quantity and quality of discharges where appropriate, apply the polluter pays principle, the associated billing, collection of revenue and consumer care. Water services authorities have a right but not an obligation to accept industrial, agricultural and mining wastewater within their area of jurisdiction.
Sanitation service	Sanitation services provided on a temporary basis in the short term to address emergencies

4 Equity Policy Positions

4.1 POSITION 1: SANITATION IN HUMAN SETTLEMENTS

Policy Positions

Reaffirming the policy position of basic services are a human right and "Some for All", rather than "All for Some".

Priority in planning and allocation of public funds in human settlements will be given to those who are presently inadequately served with sanitation.

Improving public health and addressing environmental standards for sanitation will be the two outcomes that human settlement areas must seek to ensure for citizens.

Sanitation in human settlement areas need to be planned and implement as part of the holistic human settlement-wide plan.

Human settlement areas should aspire to 100 percent safe disposal of wastes on a sustainable basis.

Human settlement areas must raise the profile of sanitation and hygiene education.

Human settlement wastewater and storm water drainage must be managed safely locally.

Recycle and reuse of treated wastewater for non-potable applications in human settlement areas should be implemented wherever possible.

Where appropriate, priority must be given to sanitation technologies which minimise use of natural resources.

The Minister will, in concurrence with the Department of Human Settlements, provide norms and standards for resource efficient sanitation infrastructure for new developments in human settlement areas.

The Minister will, in concurrence with National Treasury, provide incentives to encourage utilisation of resource efficient sanitation infrastructure in human settlement areas.

4.1.1 Problem Statement

Current sanitation policy has a strong focus on basic sanitation services and provision of these to poor households in the country. The provision of sanitation services to the non-indigent and urban/peri-urban households in the country is largely not address in the policy. Policy positions related to provision of urban sanitation to both indigent and non-indigent households are required.

4.1.2 Current policy and legislative positions

The 1994 White Paper on Water Supply and Sanitation has a strong focus on sanitation planning and financing in urban areas, designating that *since sanitation is provided at household level, consistency with urban and rural housing policy is essential, both to ensure consensus on standards and strategies and to avoid double subsidies and that the cost of internal services and reticulation within a township's boundaries are generally considered to be part of the development costs of the property.* The White Paper takes the positions that *services in economically viable urban areas must be managed in a financially viable and sustainable way, whilst ensuring that adequate services are provided to the whole population.* The White Paper assigns the following responsibilities to responsible authorities in urban areas:

- To ensure that all households within their areas of service are provided with at least basic services within a reasonable time frame.
- To facilitate the provision of higher service levels through appropriate financing and tariff mechanisms, whilst ensuring the financial viability of the water and sanitation sector.
- To develop a business plan to show:

- the investment requirements and programme to meet service level goals decided, in terms of the above two principles, in consultation with the elected representatives of local residents;
- how the required capital investments will be funded, within the given capital subsidy policy framework;
- how the operating and maintenance costs, including interest and capital redemption charges on borrowed capital, will be fully recovered;
- the extent to which residents can afford and are willing to pay for the new services provided in terms of the tariff and income policy adopted.

In addition, the SFWS provides guidance on the technology choices which local government can make, indicating that the definition of sanitation *does not define the technology to be used in providing such a service. This decision, made by the water services authority, is the key to success in providing free basic sanitation services in a sustainable manner. The selection of technology is strongly dependent on settlement conditions. Water services authorities must typically address the following situations:*

- In urban areas, where many businesses are located and where residential densities are high, waterborne sanitation is generally the most appropriate technical solution and should be regarded as a basic level of service for the purposes of the free basic sanitation policy.
- In intermediate areas (for example, peri-urban areas or rural areas where settlement densities are high), a water services authority must decide on an appropriate technology which is financially viable and sustainable. In most instances, on-site sanitation systems are likely to be the most appropriate solution. Care must be exercised when choosing waterborne sanitation systems in this context. The water services authority must ensure that the water services provider will be able to maintain and operate this system sustainably over time with the available funds.

4.2 POSITION 2: FREE BASIC SANITATION

Policy Positions

Free basic sanitation will be provided only to indigent households.

The Minister may attach conditions to the provision of free basic sanitation.

The Minister will provide norms and standards for provision of free basic sanitation to indigent households.

4.2.1 Problem statement

Providing free basic sanitation (FBSan) services to all South Africans place a significant burden on the state and on the WSA's, especially where individuals are able to afford these services.

Equitable access to sanitation services should target FBSan supply to the most needy, indigent individuals. Placing limitations on beneficiaries of FBSan will facilitate provision of these services to these indigent individuals, facilitating a high level of services where affordable and sustainable to the WSA.

Free basic sanitation should be provided as part of the basket of social services available to support and assist indigent households.

Regulations to monitor the enforcement of this policy position will need to be developed to ensure that water services institutions comply with the provision and to ensure that beneficiaries do not circumvent the system.

4.2.2 Current policy and legislative position

Section 104(1)(l) of the Water Services Act states the Minister may make regulations of issue guidelines to provide for or regulate "the development and implementation of an indigent policy" in order to give effect to its constitutional obligation to provide access to basic municipal services.

The White Paper on Basic Household Sanitation introduces the concept of *access to a free basic level of service indicating that current government policy requires that the very poor be given access to a free basic level of service*. The primary purpose of the free basic sanitation policy, according to the SFWS (2003) is to assist in promoting affordable access by poor households to at least a basic level of sanitation service. A basic level of sanitation requires that households and collective neighbourhoods maintain hygienic and sanitary practices for services to be effective.

The SFWS (2003) also indicates that *access to a tap and toilet is of no use if the water stops flowing or the toilet no longer works. Sustainability requires that services are affordable. For this reason, we have introduced a ground-breaking policy of free basic water and sanitation services. This means that everybody in South Africa has the right to a basic amount of water and a basic sanitation service that is affordable. With this right comes a responsibility – not to abuse the right to free basic services and to pay for services where these are provided over and above a basic service and an obligation to maintain public health at a local level, by ensuring that neighbourhood practices comply with basic hygiene requirements.*

The Free Basic Sanitation Implementation Strategy of DWAF (2010) indicates that, in the case of capital contribution, South Africa had adopted a principle that consumers get the service without making contributions in cash or in kind. However, this excludes certain 'on site' components of the facility. Similarly, from the operation and maintenance perspective, free basic means providing support- in the case of waterborne systems, operation and maintenance support of providing water for flushing (recommended as 15 litres per person per day or 3 to 4 KL above the amount provided for in terms of the free basic water). Hygienic practices and local monitoring of collective sanitary behaviours is a requirement for the service to be effective. This amount will be more in the case of people who are at advance stages of AIDS. (How do we verify health status of people whether or not is in the advanced stage of AIDS). What could be the mechanism for verifying health status in comparison with indigent register which determines indigent?

4.3 POSITION 3: SANITATION SERVICE PROVISION ON PRIVATELY OWNED LAND

Policy Positions

Reaffirming the Privately Owned Land Policy position that a Water Service Authority has a responsibility to ensure sanitation services are provided to individuals living on privately owned land.

The use of the grants to provide basic sanitation services to households on private land is supported.

Reaffirming the MIG positions that in order to address the needs of farm dwellers, MIG funding can be used to provide basic services to poor households living on private land, without servitudes, subject to certain conditions. One of these conditions is that the landowner must make an appropriate contribution to the capital cost. The Minister may attach conditions to the provision of basic sanitation services on private land.

Sanitation provision on privately owned land should be provided as part of an integrated basket of services to these individuals.

Ownership of sanitation assets provided on private land may pass into the hands of the person owning the land in the following circumstances (1) where an "on-site" sanitation facility is provided to a household, and (2) where assets are required for services to consumers served by a water services intermediary who owns the land on which the consumers reside and where that intermediary has made an appropriate contribution to financing the cost of the assets.

The Minister will provide norms and standards for provision of basic sanitation services to households on private land.

The Minister will establish an enabling regulatory environment for the provision of water services to residents living on privately owned land.

4.3.1 Problem statement

There is not policy position outlining provision of sanitation to indigent people residing on private land. South Africa has the intent of addressing the "universal service obligation" which is to ensure provision of at least a basic level of sanitation service to all residents, including residents living on privately-owned land. This includes people living on commercial farms and game parks, mining land, church-owned land and industrial-owned land (Tissington, 2011). All indigent people are obligated to ensure hygienic and sanitary practices are maintained in order that provision is feasible.

An estimated four million South Africans reside on privately owned land (mostly commercial farming land) (DWA, 2011). It is yet to be determined how many of these people do not have access to a basic level of water service.

Individuals who may benefit from a policy position on provision of sanitation on private land include:

- Farm workers (and their families) which receive water services (usually associated with accommodation) as part of their employment contract with the farmer – the farmer is an intermediary to his workers. This also applies to retired workers and their families (DWAF, 2002).
- Employees on mines and other industries which receive water services (usually associated with accommodation) as part of their employment contract with the mine or industry - the mine or industry is a water services intermediary to these employees (DWAF, 2002).

A water services intermediary is any person who is obliged to provide water services to another in terms of a contract where the obligation to provide water services is incidental to the contract (as per the Water Services Act) (DWAF, 2002). This means that the intermediary must have a contract with the consumer for a purpose other than the provision of the water services (for example an employment or property lease contract) in order for it to be recognised as an intermediary rather than a service provider (DWAF, 2002).

Many of the people residing on privately owned land are also private land dwellers who are not employed by the private land owner. There is a major challenge in terms of WSA planning for and providing sustainable water services to these dwellers since the mechanism for enabling and assisting water services provision may not be relevant in such circumstances (DWA, 2011). In addition, the situation surrounding the level of security of tenure afforded to these dweller or occupiers could also be uncertain.

Unfortunately despite their clearly legislated water services responsibilities, in many such cases, it is evident that Water Service Authorities do not see it as a priority or even as their responsibility to step in and ensure provision of basic water services on privately owned land to these dwellers. Private property owners are obligated to ensure that environmental health conditions prevail in order to contribute to collective public health of the country as a whole.

4.3.2 Current policy and legislative position

The Strategic Framework of Water Services (2003) provides that "Water service authorities have a responsibility to ensure that all people living within their jurisdiction (including those residents living on privately owned land) are progressively provided with at least basic water and sanitation services (first step up the ladder)". This policy thus defines responsibilities in the provision of water services to residents living on privately owned land.

The Water Services Act (No. 108 of 1997) provides a definition of a "water services intermediary" as meaning any person who is obliged to provide water services to another in terms of a contract where the obligation to provide water services is incidental to the main object of that contract.

Environmental health monitoring is key.

4.4 POSITION 4: SANITATION SERVICES FOR BACKYARD DWELLERS

Policy Positions

Municipal by-laws must address sanitation services to backyard dwellers. Recognising the SALGA recommendation that by-laws could regulate sub-letting, the enforcement of maintenance standards and allow for a system of penalties if landlords did not follow the rules. These are also relevant to controlling unsuitable uses of back yard structures, such as polluting industries occurring within residential areas.

Supporting SALGA's recommendation that service specifications for new developments should be designed to include:

- a) Planning for excess capacity for informal rental growth
- b) Planning for separate water, electricity and sanitation facilities for household tenants
- c) Separate metering for services within multiple rental units and household rental

The property owner must declare to the WSA any additional connections to the municipal sewage system.

4.4.1 Problem statement

Backyard dwellings are one of the largest housing sub-sectors in South Africa (SALGA, 2011). The sector successfully provides accommodation to non-qualifiers for subsidized housing, migrants or temporary workers not seeking home ownership, and any other households wishing to rent but who cannot afford formal rental accommodation available (SALGA, 2011). According to SALGA (2011) 25% of all South Africans now rent and informal rental markets create accommodation opportunities for almost two thirds of all households not able to access formal accommodation (SALGA, 2011). The quality and size of backyard dwellings varies greatly. Many units—although informal—are adequate, but other backyard households have inadequate access to services and safety (SALGA, 2011). SALGA (2011) indicates that close to half of all backyard structures do not have formal dwellings with access to basic services.

Additional problems with sanitation services in backyard dwellings are over-use of existing infrastructure networks. The number of people utilising toilets, taps, drains and cooking facilities on a specific site can stretch the carrying capacity of the existing infrastructure.

Public ablution and toilet facilities may relieve this burden to neighbourhoods of private households.

4.4.2 Current policy and legislative position

Sanitation policy currently provides no guidance on provision of this service to backyard dwellings in the country.

A policy position on provision on sanitation services to these dwelling is required.

4.5 POSITION 5: SANITATION SERVICES TO INFORMAL SETTLEMENTS

Policy Positions

Reaffirming the SFWS position that water services authorities should seek to address the security of tenure issues expeditiously, *interim basic water and sanitation services should be provided as appropriate, affordable, and practical in temporary settlements accordance with a progressive plan that addresses both land tenure and basic services.*

The Minister will determine the acceptable timeframe for interim sanitation.

Labour-intensive provision of sanitation in informal settlements is encouraged. Alignment with Expanded Public Works and Community Works programmes should be pursued to support labour-intensive sanitation provision.

Community-based operation and maintenance of interim informal settlement sanitation solutions is encouraged.

The Minister will provide norms and standards for provision of a basic sanitation services to households in informal settlements.

4.5.1 Problem statement

Populations living in irregular urban settlements experience the same suite of interrelated problems: they have no access — or limited access only — to basic services, and they have no security of tenure. Their situation is precarious as they usually belong to the poorest segment of the urban population (Durand-Lasserve, 2006). Collective arrangements are thus appropriate for public health purposes.

Similarly, it is difficult for local government to provide basic services to these individuals as secure land tenure is a defining requirement for provision of services in their jurisdiction. Public services, where necessary, are a minimum requirement to maintain public health conditions for the most socio-economically vulnerable people.

Providing adequate privately owned sanitation in growing urban informal settlements poses a specific sanitation challenge (Tissington, 2011). A 2010 report by DWA indicates that *arguably, this is the single greatest challenge facing the water and sanitation sector in South Africa. The latest data shows that between one and two million households live in informal settlements in South Africa. High settlement densities, insecurity of tenure and complex community dynamics make planning and implementing standard infrastructure solutions difficult, if not impossible. The willingness to explore new delivery models, together with careful planning, reflective learning and engagement with local communities are needed.*

Collective property use and management is the alternative to (western) private property models that informal settlement dwellers do not, by definition, have access to. Communal use of land is accompanied by communal management systems, for which African models abound.

There are particular policy gaps in relation to those living in dense urban informal settlements (particularly those situated on private land). Local government is providing a range of sanitation to these settlements – VIPs, chemical toilets, bucket system, Mobisan approach (communal sanitation in containers), DEWATS etc. – and there is a need for more guidance to municipalities on the cost and efficacy of these approaches, and preconditions for success (Tissington, 2011).

The Upgrading of Informal Settlements Programme (UISP) is instituted in terms of section 3(4) (g) of the Housing Act and is contained in the National Housing Code. The UISP provides funding to municipalities to upgrade informal settlements *in situ*, providing security of tenure and improved access to services in collaboration with communities (Tissington, 2011). The norms and standards for municipal engineering services in the UISP indicate that housing programmes for the upgrading of informal settlements would include provision of:

- interim municipal engineering services as a first phase to alleviate immediate/emergency need to access potable water, sanitation services and certain preventative measures to curtail the occurrence of disasters.
- the upgrading of such interim services into permanent municipal engineering services and/or the provision of permanent municipal engineering services from the outset of the project as may be required by local project circumstances

The sanitation policy does not however provide similar clarity on the provision of sanitation services to informal settlements beyond the confines of private property models for housing delivery. Infrastructure distribution policies preclude basic public health-related services provision to collectively settled land, unless private property planning prevails. The challenge is to explore alternatives that are appropriate to urbanisation trends in Africa, where collective responsibility for daily basic needs of civil society may be met by means of collective management.

In terms of aspirations, although private property ownership and responsibility may be a long term intention of informal settlement dwellers, given the state of the economy and unemployment prospects, most people will remain dependant on collective social solutions for meeting their daily basic needs. In this respect, public services provision to maintain basic public health conditions is appropriate, rather than the inadequacies of overloading facilities and their maintenance (whether chemical or flush /other 'technical options') with the unstable model of private households sharing as interim or emergency services (including TRCs).

4.5.2 Current policy and legislative position

The Water Services Act (No. 108 of 1997) defines basic sanitation as the *prescribed minimum standard of services necessary for the safe, hygienic and adequate collection, removal, disposal or purification of human excreta, domestic waste water and sewage from households, including informal households.*

The SFWS (2003) indicates that provision of sanitation services to individuals living on unauthorised land and in informal settlements poses a challenge to water services authorities. *Water services authorities should seek to address the security of tenure issues expeditiously. Interim basic water and sanitation services should be provided as appropriate, affordable, and practical in accordance with a progressive plan that addresses both land tenure and basic services. DWS will provide best-practice guidelines to assist water services authorities.* The Draft National Sanitation Policy (2012) recommends that municipalities can access funding from the *Upgrading of Informal Settlements Programme to upgrade informal settlements, provide security of tenure and provide for interim sanitation services as a first phase to alleviate the immediate emergency need for access to basic sanitation services. Upgrading of these interim services into permanent sanitation services and/or the provision of permanent municipal sanitation services from the outset can be done depending on the local circumstances and requirements. The Housing Codes National Norms and Standards must be adhered to in this regard. The operation and maintenance of these sanitation infrastructures is the responsibility of the WSA.*

The White Paper of Basic Household Sanitation (2001) indicates that beneficiaries who enjoy informal land rights to the property they occupy may also access the subsidy.

The DWAF (2010) FBSan Implementation Strategy indicates, related to temporary services - *for various reasons a municipality may have to accommodate informal settlements and provide temporary services to households in these settlements until such time as permanent services can be provided. From a sanitation point of view the history of such situations in South Africa suggests that it is best to start with a sound, 'on-site' sanitation system which is low cost and meets health criteria (the department will be seen as prescriptive or in favour of VIP, it's better to say on-site sanitation where it is applicable). Some of the temporary solutions applied in the past (notably buckets and chemical toilets) have high operating costs and the amount spent on operating them can quickly exceed the capital cost of a solution based on a pit. In this regard it should be noted that the Framework for Water Services states: 'Chemical toilets must only be considered as a temporary sanitation service. Bucket collection systems are not an adequate level of service. The costs of chemical toilets and bucket collection should not be borne by households'. The department needs to revisit the sanitation interim solution and not only*

provide interim solution in informal settlements. The politicians and residence in informal settlement are arguing that they have been given substandard solution as interim while they have been residing in informal settlements for more than 40 years. So what are the timeframes of interim?

4.6 POSITION 6: EMERGENCY SANITATION

Policy Positions

Emergency sanitation interventions should be limited to short term, temporary interventions.

Minister will determine acceptable timeframe for short-term, temporary interventions.

WSAs can access assistance through grants to respond rapidly to sanitation emergencies on a temporary basis.

Emergencies include failure of bulk sanitation infrastructure.

Emergency sanitation will be provided to reflect the vulnerabilities, needs and preferences of the affected population.

Where appropriate, users should be involved in the management and maintenance of emergency hygienic sanitation facilities.

Emergency sanitation technology must be appropriate to the emergency situation.

Regulations for emergency sanitation will be formulated.

The Minister will provide norms and standards for provision of sanitation services and hygiene promotion in emergency situations.

4.6.1 Problem statement

Current sanitation policies do not address this issue. Temporary Relocation Areas (TRAs) - sometimes called transit camps – have been established by some municipalities to shelter people who have been affected by an emergency e.g. fire, flood, eviction.

In the *Joe Slovo* eviction case, the Constitutional Court ordered the relocation of residents of Joe Slovo informal settlement to Temporary Relocation Units (TRUs) in Delft, stipulating the standards of the TRUs (Tissington, 2011) as: *being situated within reasonable proximity of a communal ablution facility; make reasonable provision for toilet facilities, which may be communal, with waterborne sewerage; and make reasonable provision for fresh water, which may be communal.*

4.6.2 Current policy and legislative position

The Water Services Act (No. 108 of 1997) mandates the Minister to provide water services in emergency situations, which are defined as *situation declared as such in terms of a law and which is likely to cause injury or loss of life;*

The Draft Sanitation Strategy (2008) indicates that *emergency sanitation programmes should be limited to very short term interventions that last a few days to a few weeks. Long term informal settlements must not be treated as emergency situations for the purpose of this strategy but should be provided with viable and sustainable solutions. Solutions such as communal facilities and chemical toilets should not be used where the system is expected to have duration of more than one month.*

The Draft National Sanitation Policy (2012) also indicates that WSAs can access assistance through grants administered via Provincial Human Settlements Department, to enable them to respond rapidly to emergencies through the provision of land, sanitation services, relocation assistance and shelter to households on a temporary basis.

Minimum standards for municipal engineering services, including sanitation, are set out in the Emergency Housing Programme. The National Housing Programme for Housing Assistance in Emergency Housing Circumstances – commonly referred to as the Emergency Housing Programme (EHP) – is instituted in terms of section 3(4) (g) of the Housing Act with the objective “to provide for temporary relief to people in urban and rural areas who find themselves in emergencies.” With the approval of the MEC, the cost of consumption of “sanitation services provision” for a maximum of 3 years (in cases where the municipality presents proof of its inability to provide the services from its own resources, and the services are actually provided by the municipality) can now also be funded by the EHP.

The EHP provides guidelines on the level of basic engineering services to be provided in temporary settlements - *temporary sanitation facilities must be provided, which may vary from area to area due to varying geographical and other conditions. Where possible, VIP toilets must be provided as a first option, on the basis of one VIP per five families (1:5). In circumstances where soil and other site conditions do not allow for the use of VIP toilets, alternative systems must be investigated. A small bore sewerage or other appropriate system (to be used on a shared basis with one toilet per five families within the suggested settlement pattern) could be provided. The sewerage system must as far as possible be usable in a permanent configuration or layout in situations where future upgrading is envisaged as a first option towards a permanent housing situation.*

Disaster Management funding allocations may be relevant vs “permanent” private property model.

5 Institutional Policy positions

5.1 POSITION 7: SANITATION AT PUBLIC INSTITUTIONS

Policy Positions

All public institutions are responsible to provide sanitation services. Sanitation services at public institutions must include hand washing facilities, hygiene and end-user education.

The Minister will provide, in consultation with public institutions, norms and standards for sanitation services at public institutions. The public institutions providing sanitation will conform to these norms and standards.

The role of national departments and private institutions in provision, refurbishment and maintenance of sanitation services to public institutions is recognised and supported. Sanitation services provided by these departments and private institutions must comply with norms and standards.

Provision of sanitation services at public institutions must recognise the role of local government and planning. Construction and altering of sanitation services to public and private institutions must be done with prior consent of the WSA (local authority), as required by the SANS 10400 (National Building Regulations) and the Building Standards Act (No. 103 of 1977).

Development of sanitation norms and standards of government and public institutions should be in consultation with the Minister.

5.1.1 Problem statement

Due to the dual implementation of sanitation services, with household provision being the responsibility of Water Service Authorities (WSAs) (including the wastewater treatment works) and provision at public institutions being the responsibility of various national departments, situations have occurred where public institutional sanitation is planned and implemented without consultation with the WSA. This has resulted in sanitation services being provided to schools, clinics etc. without consideration/planning for these additional connections to the WSA managed wastewater treatment works.

The policy and strategy does not currently address sanitation in public institutions such as privately owned institutions such as crèches and day-care centres; churches; old age homes.

The policy position remains weak related to public institutional sanitation.

5.1.2 **Current policy and legislative position**

The White Paper on Basic Household Sanitation (2001) indicates that *the policy will focus mainly on the improvement of health and the provision of adequate sanitation facilities in households, schools and clinics as well as the collection, removal and disposal waste and the related health and hygiene practices.* From the perspective of health and hygiene the policy indicates that *educational programmes are required on national, provincial and with strong media coverage, publicity and promotion in schools and clinics.*

The SFWS (2003) designates that the national departments (Dept. of Education; Dept. of Health) (together with the provincial departments) are responsible to ensure that all **schools, clinics and hospitals** are provided with adequate water and sanitation facilities and that these are operated sustainably and are adequately maintained but that *provincial public works departments may undertake (or oversee) the construction of water and sanitation infrastructure on behalf of other departments in the province. Typically this will include setting design standards for water and sanitation facilities in schools, hospitals and clinics.*

5.2 **POSITION 8: BULK SANITATION INFRASTRUCTURE AND ESTABLISHMENT AND FUNCTIONS OF REGIONAL WATER AND SANITATION UTILITIES**

Policy Positions

Reaffirming the policy position that the Minister is responsible for Regional Bulk Infrastructure, including master planning and infrastructure functionality.

Bulk sanitation infrastructure is defined as regional infrastructure covering large areas and addressing more than one WSA.

The Minister may direct a Regional Bulk Utility to provide some or all bulk sanitation service provision in their jurisdiction.

The functions of the Regional Water and Sanitation Utility includes Bulk Sanitation Services.

5.2.1 **Problem statement**

Current arrangements of the water management institution are limited in the effective development and management of Regional Bulk Infrastructure. Water Boards, originally envisaged by the Strategic Framework for Water Services 2003 to fulfil this role, are largely considered to be regional water service providers.

The cross-boundary nature of regional sanitation infrastructure precludes the management of this infrastructure by a single WSA. WSA's also have no or limited capacity for managing and developing Regional Bulk Infrastructure.

DWA currently does not have an institution which is able to implement Regional Bulk Infrastructure provision. Regional Water Utilities can fill this gap in the sanitation institutional arrangement, with the Regional Water Utility fulfilling the role of building, operating, maintain and supporting Regional Bulk Sanitation Infrastructure.

5.2.2 **Current policy and legislative position**

The White Paper on Local Government (1998) takes the position that *in some areas district governments will play a role in the direct provision of bulk and regional services. Many District Councils have developed systems to manage bulk functions like wastewater and sewerage, and where appropriate this role should be strengthened. The role of District Councils in the planning and provision of infrastructure and regional services must occur within the policy and legislative frameworks put forward by national government, such as the Water Services Act (1997).*

The Strategic Framework for Water Services (SFWS) of 2003 outlines that in some areas of the country water services may be provided by regional service providers, defined as *services providers who operate regional infrastructure (crossing water services authority boundaries) and provide water services to (or on behalf of) more than one water services authority*. The SFWS indicates two categories of regional water service providers, namely **water boards** and **regional public utilities**.

5.3 POSITION 9: INTEGRATED PLANNING OF SANITATION

Policy Positions
Reaffirming the White Paper on Water Supply and Sanitation (1994) position that sanitation should be integrated into programmes for the provision of other basic needs. The co-ordination of the various public organisations involved in the planning and delivery of basic services is therefore essential.
Reaffirming the SFWS position that water services development plans need to be integrated with the integrated development planning (IDP) processes set out in the Municipal Systems Act.
An integrated National Sanitation Information System will be implemented and managed, to monitor, report and evaluate the entire sanitation sector of the country.
Sanitation services planning by WSAs should be in conjunction with Environmental Health Practitioners, as well as other stakeholders and departments involved in the sector.

5.3.1 Problem statement

Provision of sanitation in South Africa is particularly fragmented and uncoordinated, largely due to the vast array of institutions involved in provision of this service. Situations arise of beneficiaries receiving subsidised services from both the municipal grant and through the low cost housing programmes, provision of services to households and institutions without consideration of impacts on municipal sewer and sewage systems and provision of different levels of service in the same areas of jurisdiction.

5.3.2 Current policy and legislative positions

The White Paper on Water Supply and Sanitation (1994) advocates that sanitation should be *integrated into programmes for the provision of other basic needs. The co-ordination of the various public organisations involved in the planning and delivery of basic services is therefore essential. It is necessary to consider at least four mutually related factors required for development:*

- *physical infrastructure such as water supply, sanitation, roads, electricity and communications.*
- *social infrastructure including schools, hospitals, clinics and welfare organisations.*
- *economic infrastructure which is the employment, production and trading base including access to markets and finance.*
- *institutional infrastructure being organisational and civil administration structures at all levels. These should provide access to ordinary people to the processes of democratic local, regional and national government.*
- *Water quality is compromised by pollutants directly emanating from sewerage systems*

A fundamental principle of the White Paper (1994) is *integrated development* – requiring that sanitation development not occur in isolation from development in other sectors. Co-ordination is necessary with all tiers of government and other involved parties and maximum direct and indirect benefit must be derived from development in, for instance, education and training, job creation and the promotion of local democracy.

The White Paper on Basic Household Sanitation also advocates integrated development planning and the package of services approach to sanitation services, since there are critical linkages between the provision of health and hygiene education and sanitation services, water supply services, solid waste management and housing. Integrated planning with an increased emphasis on a "package of services" approach will allow for more

realistic decisions to be taken with regard to technical options and affordability. The sanitation package must consider the full range of sanitation needs within the community, including institutions such as schools, places of worship, crèches, clinics, courts, sports venues and the requirements of public places such as bus stops, taxi ranks, sports grounds and markets.

The SFWS (2003) indicates that *DPLG requires municipalities to undertake integrated development planning*. Employment opportunities are of high priority as in-migration is driven by work-seeking.

5.4 POSITION 10: NATIONAL WATER AND SANITATION ADVISORY COMMITTEE

Policy Positions
The Minister will establish a National Water and Sanitation Advisory Committee to provide, amongst others, policy advice, ensure that equity is achieved in sanitation services, advise on appropriate and acceptable sanitation technologies using appropriate technology criteria, feed into sanitation strategies and the updating of national sanitation norms and standards.
The committee will have, as part of its membership, sanitation experts, people who come from communities which are un-served and who understand the difficulties of sustainable development, national, provincial and local government representatives, NGOs, Civil Society and other role players in the sanitation sector.

5.4.1 Problem statement

The sanitation sector of South Africa was guided by the National Sanitation Task Team (NSTT) which was formed in 1995 to coordinate sanitation interventions by national departments. In 2001, in order to achieve greater alignment between sanitation and other municipal infrastructure programmes, the NSTT was re-established as a working group reporting to the Municipal Infrastructure Task Team (MITT), with DWAF as the coordinating department. However, with the shift of sanitation to the Department of Human Settlements, this advisory structure dissolved. The NSTT has, in 2015, been re-established and will guide and support the sector in future. Coordination across disciplines and sectors is paramount. Dominance of engineering and technical approaches and a lack of socialisation of public health drivers is the result.

5.4.2 Current Policy and Legislation Positions

The White Paper on Water Supply and Sanitation (1994) indicates that the *Minister of Water Affairs and Forestry establish a National Water Advisory Council in order to ensure that a wide cross-section of South African society, representing all water users, have the opportunity to comment and advise on all aspects of water in the country. In respect of the specific issues surrounding water supply and sanitation, the National Advisory Council will play an important role in advising on priorities, monitoring progress and ensuring that equity is achieved. The Council will have, as part of its membership, people who both come from communities which are un-served and who understand the difficulties of sustainable development in our particular South African circumstances.*

Catchment Management Agencies are increasingly concerned by informal settlements as a point source of pollution of scarce water resources.

The White Paper on Basic Household Sanitation (2001) recommends a similar structure for sanitation, namely the National sanitation Task Team (NSTT). *The NSTT has the purpose of co-ordinating sanitation interventions. In order to achieve greater alignment between sanitation and other municipal infrastructure programmes the sanitation co-ordination structure will be re-established as a sub-committee of the Municipal Infrastructure Task Team (MITT). The Department of Water Affairs and Forestry, as national sphere co-ordinator will be responsible for convening the sanitation sub-committee and will ensure participation by all relevant stakeholders. To give effect to the Cabinet decision that the Department of Water Affairs and Forestry must fulfil the role of national co-ordinator, the National Sanitation Co-ordination Office (NASCO) will be absorbed into the Department of Water Affairs and Forestry with the creation of a Sanitation Directorate.*

5.5 POSITION 11: ENFORCEMENT OF SANITATION REGULATIONS

Policy Positions

The Minister, in consultation with CoGTA and SALGA, will develop an effective formal reporting mechanism of the water services function from Local Government, which allows the Minister means within the legal framework to take corrective steps in case of serious malpractice or negligence affecting effective water resource management in country.

The Minister will apply the water use authorisation mechanism to set conditions for waste water management. It will be enforced strictly to ensure appropriate low-resource use sanitation solutions in low, middle and high income settlements.

Regulations for sanitation skills and professionalising of the sanitation sector will be developed by the Minister.

Reaffirming the SFWS position of a proposed waste discharge charge and a water resource charge based on the "polluter pays" principle will be enforced.

The Minister will provide norms and standards for the provision of all sanitation service.

The Minister will provide regulations for appropriate sanitation technologies.

5.5.1 Problem Statement

While local government is mandated to provide water and sanitation services, the national department of water and sanitation is responsible to perform the function of the national regulator, in conjunction with relevant stakeholders, including citizens.

Sanitation has had a growing impact on the water resource of the country, with increase nutrient levels in many rivers and dams. Sanitation regulations need to address these growing challenges in the country.

There has been a lack of clarity on the national institutional framework around basic sanitation, particularly as the DHS took over the National Sanitation Programme from DWA in 2009. This has resulted in a lack of regulation at the national level.

The National Water Services Regulation Strategy (NWSRS) (January 2010) is aimed to outline the national regulator of the water services sector, with Part E of the document defining the approach to the regulation of sanitation. The following list is a summary of some of the relevant provisions contained in Part E of the NWSRS (taken from Tissington, 2011).

- *Planning:* In terms of planning, the NWSRS describes what should be contained in a WSDP, particularly in relation to sanitation. WA monitors compliance of WSAs in developing the WSDP.
- *Financing:* In terms of financing, DWA monitors all MIG applications for sanitation projects and is supposed to monitor adherence to MIG conditions in the execution of projects. The NWSRS acknowledges that this is not happening at present. WA can reject MIG applications which do not comply with policy requirements, but has no power of sanction if project execution is flawed. Further, where WSAs or WSPs are shown to be financially non-viable, DWA has no direct mandate to intervene but can make requests and recommendations. More power needs to be given to DWA to intervene in these situations.
- *Design and construction:* In terms of design and construction, sanitation infrastructure must be consistent with national protocols, regulations and legislation, as well as local water services by-laws. The NWSRS outlines a number of issues relating to sanitation infrastructure including: the problem of temporary facilities being used for longer than desirable; chemical toilets, when required as a last resort, should be used by limited households and be well-maintained; and lack of clarity on how many households per toilets is acceptable in informal settlements. The NWSRS poses the question whether a sub-basic standard should be developed for certain contexts.

- *Operation and maintenance:* A WSA must keep an up-to-date asset register and asset management plan for sanitation infrastructure. The WSP must maintain all assets proactively e.g. through regular cleaning of sewers and maintenance of pump stations, and respond to breakages and spills timeously. DWA is supposed to monitor that this occurs, and intervene to request remedial action where necessary.
- *Maintenance of on-site sanitation:* The distributed nature of on-site sanitation poses a challenge to the regulator, however DWA should be monitoring trends in the useful lives of VIPs, for example, and alert the responsible authorities when necessary. Often when toilets are built using MIG funding, responsibilities for pit emptying are not specified, which is problematic. Households are in the first instance responsible for monitoring the status of pits or other collection chambers, while the WSA must at least put in place monitoring mechanisms around on-site sanitation systems and environmental conditions. DWA will monitor WSAs to ensure they comply with this monitoring programme.
- *Management of grey water where there is on-site sanitation:* WSAs are responsible for ensuring that national grey water guidelines are adhered to, and DWA monitors this adherence. There is, however, no enforcement mechanism to ensure compliance, and legislative reform around the Compulsory National Standards is needed to address the issue of grey water.
- *Environmental health and education:* In terms of the Health and Hygiene Education Strategy for Water Services, the WSA is responsible for ensuring that health education is implemented in communities whenever a sanitation project is constructed, as well as on an ongoing basis. DWA monitors WSA's adherence in this regard. Delivering information is not effective and requires quality management. Measures of behaviour change and hygienic practices are the point and purpose of investments meant to achieve that which resists measurement, but is eminently measurable.

5.5.2 Current policy and legislative positions

Section 155(7) of the Constitution gives national government the mandate to regulate water services.

The SFWS (2003) indicates that the overall objective of sanitation regulation is to protect consumer and public interests by:

- ensuring compliance with minimum national norms and standards;
- ensuring good performance and the efficient use of resources; and
- ensuring good contracting practice.

The vision of regulation in the SFWS is that water services are effectively regulated to achieve the above objectives.

The SFWS also recommends that national regulation of water services will extend to the following:

- Norms and standards regulation
- Economic regulation
- Contract regulation

Current policy thus focuses on regulations through norms and standards, regulation of tariffs and regulation of contracts of WSA and WSPs.

6 Sustainable Sanitation Policy Positions

6.1 POSITION 12: HYGIENE EDUCATION AND END-USER EDUCATION

Policy Positions

Sanitation service provision must include ongoing hygiene education and end-user education.

Hygiene education should be an ongoing activity during the implementation of a programme for a basic sanitation service provision, including at a minimum, a visit to the household pre-construction, during construction and at completion of construction of the sanitation facility.

Sanitation education will include rural, peri-urban and urban areas of the country.

6.1.1 Problem Statement

Health and hygiene (H&H) education focuses on changing behavioural practices to prevent the spread of diseases, and is meant to complement the provision of basic sanitation infrastructure. It has been shown that ongoing health promotion and hygiene education can have a positive impact on environmental integrity, lower health costs and reduce health risks and can also reduce operation and maintenance costs, ensure long-term sustainability of sanitation service provision (Tissington, 2011).

District and metropolitan municipalities have the primary responsibility for health and hygiene education and promotion related to sanitation.

Despite having extensive knowledge of the importance of sanitation H&H training in South Africa and having sector-specific tools and methods to support these programmes, research and reviews of sanitation programmes have shown that H&H training in the country is weak and often non-existent. H&H training is often carried out in a haphazard manner, with little planning or focus. This is regrettable as H&H is the critical component of a programme which has a significant impact on the reduction in sanitation-related diseases and it ensures the sustainable operation and maintenance of a facility which has been provided to household using national resources. These problems are due in part to current gaps in policy and institutional confusion over the roles and responsibilities between WSAs and municipal environmental health services.

While municipalities provide hygiene awareness programmes as a once-off intervention during the implementation of basic sanitation infrastructure, they do not include ongoing health and hygiene education as a component of F&San. Research has shown that once-off event or visit to an individual in the household is not an effective means of achieving the end-goal of behavioural change of poor sanitation practices. "Ongoing" without indicators that measure effectiveness will waste further resources on "social consultants" that are intended for beneficiaries. Local monitoring of hygiene and end-use education is crucial.

Health and hygiene awareness, promotion and education are even weaker in the peri-urban and urban areas of the country. Research has shown that the demographic and service delivery characteristics of rural, peri-urban and urban settlement and individuals residing therein have various similarities and differences. For example, individuals in the urban and peri-urban areas may have similarities in the type of sanitation to which they had access. However, individuals in the peri-urban settlement follow the rural village trends in characteristics such as income levels, education levels and professions. Health and hygiene interventions need to take consideration of these settlement characteristics when implementing promotion, awareness and education programmes.

Current gaps in policy as well as institutional confusion over roles and responsibilities, has meant that this aspect of sanitation has often been neglected. Clarifying roles and responsibilities around ongoing health and hygiene education is critical to ensuring that attention is given to this area (Tissington, 2011).

6.1.2 Current policy and legislative positions

According to Regulation 2 of the Compulsory National Standards published in terms of the Water Services Act, the minimum standard for basic sanitation services includes "the provision of appropriate education."

The definition of a basic sanitation service in the Strategic Framework for Water Services also includes "the communication of good sanitation, hygiene and related practices."

Health and hygiene awareness is central to the definition of a sanitation service in South Africa (see definition of basic sanitation facility). The White Paper on Water Supply and Sanitation (1994) indicates that national responsibility is to support regional and local efforts requires the development and dissemination of appropriate programmes for promotion, training, and health and hygiene education. Local level at a community and neighbourhood level will address context specific realities.

The White Paper on Basic Household Sanitation (2001) also indicates that there is *little public awareness of the strong links between sanitation and health. This must be redressed through an information dissemination programme aimed at promoting awareness of the role of sanitation in health. Hygiene information, education and awareness programmes must be developed hand-in-hand with servicing projects. These programmes aimed at developing good hygiene behaviour must start before construction commences and continue well beyond the construction phase. Behaviour change is not automatically a result of information (knowledge) or awareness. This is a flaw of assumptions that requires addressing at this late stage.*

In 2004, the National Health Act 61 of 2003 was passed delineating the responsibility for municipal health services to district and metropolitan municipalities.

6.2 POSITION 13: GREY WATER MANAGEMENT IN SANITATION SERVICE PROVISION

Policy Positions
Management of grey water is encompassed in sanitation service provision. The Minister will set conditions in the water use authorisation to ensure the good management of grey water.
Hygiene education must include management of grey water.
Grey water recycling by decentralised and centralised systems is encouraged.
The Minister will provide norms and standards for grey water management.
Use and management of grey water in a safe and sustainable manner is required.

6.2.1 Problem statement

Grey water management is a crucial component of management of waste streams in households. Grey water is untreated household wastewater from baths, showers, kitchen and hand-wash basins, and laundry (i.e. all non-toilet uses). Incorrect storage, use and disposal of grey water can lead to a variety of health concerns, including mosquito breeding (from ponding of grey water); contamination of drinking water supplies; and odours from stagnant water.

Reuse of grey water offers one means of relieving pressure on freshwater supplies. Safe management of grey water, which encourage reuse and recycling of the resource should be encourage in a water scare country, while at the same time focussing on ensuring the safety of reuse and recycling.

6.2.2 Current policy and legislative position

The current policies do not address the policy position on grey water. There is no specific reference to grey water in the National Water Act (NWA) No. 36 of 1998 (Republic of South Africa, 1998) although the sections concerning water resource management do apply.

6.3 POSITION 14: REDUCE, REUSE, RECYCLE, RECOVER AND RECLAMATION IN THE SANITATIONS SECTOR

Policy Positions

Sanitation provision must emphasise the need for the conservation of water resources and the use of appropriate technologies which are environmentally sustainable.

Sanitation services should be provided based on the principles of minimising the use and impacts on natural resources.

Where economically viable and sustainable the liquid, solid and gaseous constituents of wastewater and excreta end-products should be used, reused and recycled for further environmental benefits, particularly in energy generation.

The return of treated wastewater to a source other than the water resource requires special motivation.

The Minister will develop regulations for the use, re-use, recycling and recovery of the liquid, solid and gaseous constituents of human wastewater and excreta.

The Minister may attach reduce, reuse, recycling and/or recovery conditions to a license application.

WSAs must undertake the management of sludge in accordance with the Water Management Series of Minimum Requirements (version 2, 2008) as developed by the Department of Water and Sanitation.

6.3.1 Problem Statement

South Africa's sanitation policies are transformational and thus focussed on addressing sanitation backlogs in the country. The concepts of reduction, re-use, recycling and recovery in the sanitation sector are not addressed.

The aspect of 'reduce' in the waste sector requires that the amount of waste being produced be minimised. Human waste, faeces and urine cannot be minimised but the resources utilised in the collection, storage and treatment of these can. Sanitation services need to ensure that the use of natural resources, particularly water, be kept to the absolute minimum. Similarly, recycling of these resources needs to be maximised (e.g. reusing wastewater, returning nutrients and organic material to agriculture), and the protection of other non-renewable resources, e.g. through the production of renewable energies (such as biogas).

Recovery and use of human excreta is a growing practice in the sanitation sector. Sanitation systems can safely recycle excreta resources (plant nutrients and organic matter) to crop production in such a way that the use of non-renewable resources is minimised. When properly designed and operated, sanitation systems can provide a hygienically safe, economical, and closed-loop system to convert human excreta into nutrients to be returned to the soil, and water to be returned to the land. Agricultural trials around the world have shown measurable benefits of using treated excreta in agriculture as a fertilizer and soil conditioner. This applies in particular to the use of urine. Another aspect is the global shortage of phosphorus, a limited resource which is required in fertilizer production. Known mineral phosphate rock reserves, in particular, are becoming scarce and increasingly costly to extract. Use of human excreta, particularly urine, provides a good source of phosphorus.

Individuals who wish to use treated effluent for agricultural purposes are, in terms of Section 21 of the National Water Act (Act 36 of 1998), required to apply for a conditional water-use licence under the Act. The Department of Water Affairs and Forestry (DWAF) processes applications for any type of treated effluent re-use. If the intended re-use involves public health issues such as the production of food, or sports facilities that promote probable direct contact with surfaces irrigated with treated wastewater, the provincial Departments of Health (DOH) become involved (Steyn and Jagals, 2000).

6.3.2 Current policy and legislative positions

The Draft National Sanitation Policy (2012) does advocate that *where economically viable and sustainable, the liquid, solid and gaseous constituents of wastewater and excreta end products should be recycled for further use*

and for environmental benefits (e.g. composts, bio-fuel, irrigation etc.). The return of treated wastewater to the water cycle is considered to be essential and deviations from this approach require special motivation.

The same policy also takes the positions that WSAs must undertake the management of sludge in accordance with the Water Management Series of Minimum Requirements (version 2: 2008) as developed by the Dept. of Water Affairs. Catchment Management Agencies are to be involved in this aspect.

Regulations Relating to Compulsory National Standards and Measures to Conserve Water (DWAF, 2001), related to the use of effluents:

1. A water services institution must ensure that the use of effluent for any purpose does not pose a health risk before approving that use.
2. Any tap or point of access through which effluent or non-potable water can be accessed, must be clearly marked with a durable notice indicating that the effluent or non-potable water is not suitable for potable purposes.
3. A notice contemplated in sub regulation (2) must be in more than one official language and must include the PV5 symbolic sign for non-potable water as described in SABS 1186: Symbolic Safety Signs: Part 1: Standards, Signs and General Requirements.

6.4 POSITION 15: EFFLUENT MANAGEMENT

Policy Positions
Reaffirming the polluter pays principle, particularly related to effluent discharge from municipal wastewater treatment works. Similarly the principle is applied to wastewater from industry, agriculture, mining and other sectors in the country.
Effluent management infrastructure and technology must meet appropriate technology criteria as determined by norms and standards. Technologies must be approved before being released into the sanitation market.
The Minister will provide effluent management conditions, regulations, norms and standards.
Reaffirming the SRWS position that Water Services Authorities have a right but not an obligation to provide industrial water or to accept industrial wastewater from industries within their area of jurisdiction.
WSAs may set standards for industrial waste which they will accept.
Standards for effluent discharge must be enforced.

6.4.1 Problem Statement

Inadequate treatment of human effluent may result in pollution of South Africa's water resources. This will result in an increasing cost of treatment of water for drinking purpose.

Effluent according to the Regulations Relating to Compulsory National Standards and Measures to Conserve Water (DWAF, 2001) means *human excreta, domestic sludge, domestic waste-water, grey water or waste water resulting from the commercial or industrial use of water.*

According to Guidelines for Compulsory National Standards and Norms and Standards for Water Services Tariffs and Water Services Provider Contract Regulations, before a water services institution allows an industry or business to connect to its sewerage system it must consider the effect of that discharge on the quantity and especially the quality of the effluent ultimately discharged from the sewage works. If accepting that discharge would pose a risk to the treatment process or lead to a breach of the permit, the water services institution should only agree to accept the effluent once the harmful substances have been removed or reduced. Industries can comply by:

- pre-treating their effluent such that it complies with the permit conditions;

- separating effluent discharges and treating the harmful component of the discharges separately;

Current sanitation policies are largely focussed on basic sanitation service provision. Future sanitation policy must address all aspects of sanitation system in the country. Hence, a definition of the components of sanitation systems is required. Water Quality Monitoring must be linked to these sanitation systems, as reporting current does not result in actions and supportive responses to address ongoing and increasing pollution.

6.4.2 Current policy and legislative positions

The White Paper on Water Supply and Sanitation (1994) indicates that as South Africa is a water deficient country, all effluent has to be purified and returned to the rivers. As a result of inadequate effluent treatment and illegal discharges, the quality of water is deteriorating in many areas. In time, quality may become a more important factor than quantity in water management in some areas, particularly in the interior.

The 1997 Water Service Act defines "disposal of industrial effluent" means the collection, removal, disposal or treatment of effluent emanating from industrial use of water. The same Act indicates in Section 7 (2) that no person may dispose of industrial effluent in any manner other than that approved by the water services provider nominated by the water services authority having jurisdiction in the area in question. (3) A water services authority which— (a) provides water for industrial use; or (b) controls a system through which industrial effluent is disposed of must make bylaws providing for at least—

- i. the standards of service;
- ii. the technical conditions of provision and disposal;
- iii. the determination and structure of tariffs;
- iv. the payment and collection of money due; and
- v. the circumstances under which the provision and disposal may be limited or prohibited.

The White Paper on Basic Household Sanitation (2001) introduces the polluter pays principle to the sanitation sector. This principle advocates that polluters must pay for the cost of cleaning up the impact of their pollution on the environment.

Regulations Relating to Compulsory National Standards and Measures to Conserve Water (DWAF, 2001), related to the quantity and quality of industrial effluent discharged into a sewerage system: A water services institution is only obliged to accept the quantity and quality of industrial effluent or any other substance into a sewerage system that the sewage treatment plant linked to that system is capable of purifying or treating to ensure that any discharge to a water resource complies with any standard prescribed under the National Water Act.

The same regulations indicate that a water services institution may impose limitations on the use of grey water if the use thereof may negatively affect health, the environment or available water resources.

The regulations indicate that a water services institution is only obliged to accept the quantity and quality of industrial effluent or any other substance into a sewerage system that the sewage treatment plant linked to that system is capable of purifying or treating to ensure that any discharge to a water resource complies with any standard prescribed under the National Water Act.

6.5 POSITION 16: OPERATION AND MAINTENANCE

Policy Positions

Free basic sanitation promotes sustainable access to a basic sanitation service by subsidising the ongoing operating and maintenance costs of a basic sanitation service. WSAs must be transparent about the allocation of funds for the operation and maintenance of sanitation systems and must report on the implementation on an annual basis.

Reaffirming the SFWS position that all water services authorities must allocate sufficient maintenance to maintain the sanitation services infrastructure and related systems adequately. The planning of capital expenditures must also be integrated with the associated operation and maintenance requirements and expenditures.

Reaffirming the SFWS position that a water services authority must maintain a register of water services assets and put in place a system to manage these assets in terms of the maintenance and rehabilitation plan.

6.5.1 Problem Statement

A recent review of the local government grant system by National Treasury (National Treasury et al, 2014) indicated that several issues were established as undermining efficient asset management of municipal infrastructure, such as the lack of credible asset management plans and non-prioritisation of renewal and maintenance expenditure. In the case of the renewal it is recognised that this relates directly to the grant system: since the establishment of the current local government system, grants have largely focused on the extension of basic services to all citizens as per the Constitution's Bill of Rights. This emphasis on backlog eradication has, with good motives, incentivised municipal investment in new infrastructure that connects previously un-served areas to water, sanitation, electricity or roads networks. However the conditionality of many grants restricts municipal investment to building new infrastructure rather than make cost-effective investments in rehabilitating, upgrading or replacing existing infrastructure. This persistent extension of a municipal asset base can undermine sustainable asset management practices, particularly if there is not also targeted investment in economic infrastructure that boosts the rate-base. Social infrastructure investment may not be matched by a corresponding increase in own revenues, via tariffs and rates⁷, to fund the operations and maintenance of a new infrastructure asset.

Furthermore, over-engineering of grant-funded capital projects can also undermine the sustainability of municipal infrastructure.

Local employment opportunities abound.

Under-expenditure in maintenance and under-investment in rehabilitation in the sanitation sector remains a significant challenge in South Africa. This has resulted in the deterioration of assets over time and a breakdown in service provision.

Sanitation service provision in the country needs to be in accordance with sound business principles within a sound subsidy framework. Sound business principles and subsidy framework include adequate spending on maintenance and replacement of assets and income (including subsidies) which covers expenses.

6.6 POSITION 17: APPROPRIATE SANITATION TECHNOLOGIES

Policy Positions

Criteria for appropriate sanitation technology will be developed and will be considered in the water use authorisation application.

The Minister will develop norms and standards for appropriate alternative technologies.

Settlement appropriate sanitation technologies which minimise natural resource use are encouraged.

Implementation of alternative appropriate technology will be within social, environmental and economic constraints. Settlement and geographic situation will also be considered.

Appropriate alternative technologies need to address the needs of vulnerable people.

A formal process for certification and accreditation of appropriate sanitation technologies will be developed by the department.

6.6.1 Problem Statement

Settlement type and patterns have important implications for the type of sanitation technologies that are suitable, affordable and sustainable in a given settlement area.

The debate related to the appropriateness of a sanitation technology centres largely around settlement types, previous experience with inappropriate technologies, the lack of a formal mechanism for accreditation and certification of appropriateness of a technology, the difficulty in determining appropriateness which is largely site specific and current international best practice of appropriate sanitation technologies. Currently, selection of sanitation technologies for an area is largely based on the guidelines for the levels of services in the country, with flush systems being the norm in formal settlements and dry, on-site system being provided in the rural areas of the country. However, experience has shown that these selections of technologies are often not the most appropriate for the area in which they are currently provided.

The policy needs to address the issue of appropriate technology and change preconceived notion of sanitation from either waterborne in urban and dry systems in rural areas to one where the most appropriate technology is provided to an area. Technology choice needs to be based on resource availability within a settlement area.

6.6.2 Current policy and legislative position

The SFWS has the vision that all people living in South Africa have access to adequate, safe, appropriate and affordable water and sanitation services, use water wisely and practise safe sanitation. It does not however expand as to what is deemed appropriate or how a WSA should determine an appropriate water and sanitation services.

6.7 POSITION 18: ECONOMICALLY AND FINANCIALLY SUSTAINABLE SANITATION

Policy Positions

Recognising that sanitation has economic value

User and polluter pays principles will be implemented; regulated and enforced.

Hygiene education is part of the basic sanitation subsidy and financial implementation must be monitored.

Sanitation revenue allocations must be priorities for sanitation service provision.

Economic regulation will be applied throughout the water and sanitation value chain.

The Minister will provide norms and standards for water tariffs.

6.7.1 Problem Statement

Due to the range of different institutions involved in the water value chain, sanitation economic regulatory approaches and mechanisms are different and/or applied differently for the different types/categories of water service institutions.

6.7.2 Current policy and legislative position

The 2003 Strategic Framework for Water Services mandates DWA, as the national water services regulator, to regulate water supply and sanitation services authorities in terms of economic regulation. This includes review of the appropriateness of investment decisions of water services providers and tariffs and review of the efficiency of water service provision.

The 2003 Strategic Framework for Water Services also mandates DWA to undertake the direct economic regulation of water boards and regional water services providers, with a view to protecting consumer and public interests.

6.8 POSITION 19: WATER STEWARDSHIP FOR SANITATION

Policy Positions

Recognising that sanitation must include water stewardship

Stakeholders must take ownerships of water used for sanitation

Water minimisation in sanitation will be encouraged

6.8.1 Problem Statement

The sanitation sector largely operates on a principle of 'flush and forget', utilising large volumes of water to deal with human waste. Individuals do not take responsibility for their water use for sanitation. There is a need to individuals to collectively take stewardship of water which is used in the sanitation sector.

According to the Alliance for Water Stewardship, stewardship entails taking care of a shared resource, using approaches that focus on the management of public goods such as freshwater resources. The Alliance for Water Stewardship defines water stewardship as

"The use of water that is socially equitable, environmentally sustainable and economically beneficial, achieved through a stakeholder-inclusive process that involves site and catchment-based actions. Good water stewards understand their own water use, catchment context and shared risk in terms of water governance, water balance,

water quality and important water-related areas; and then engage in meaningful individual and collective actions that benefit people and nature¹."

Water stewardship is based on the premise that we are all accountable for the sustainable management of water resources and are, therefore, collectively responsible. Key to water stewardship, is the need to manage water resources to ensure that these water resources are sustainable.

Stewardship requires that the water conservation and demand management policy, which is already in place or which has been recommended, be implemented and adherence to i.e. compliance needs to be enforced. Water stewardship may not only require implementation of water policy and enforcement of compliance but also alignment of strategies internally and with other institutions in the sector. Water stewardship will also require significant behaviour change in the sanitation sector, specifically in terms of empowerment of stakeholders and increasing their awareness of water stewardship for sanitation.

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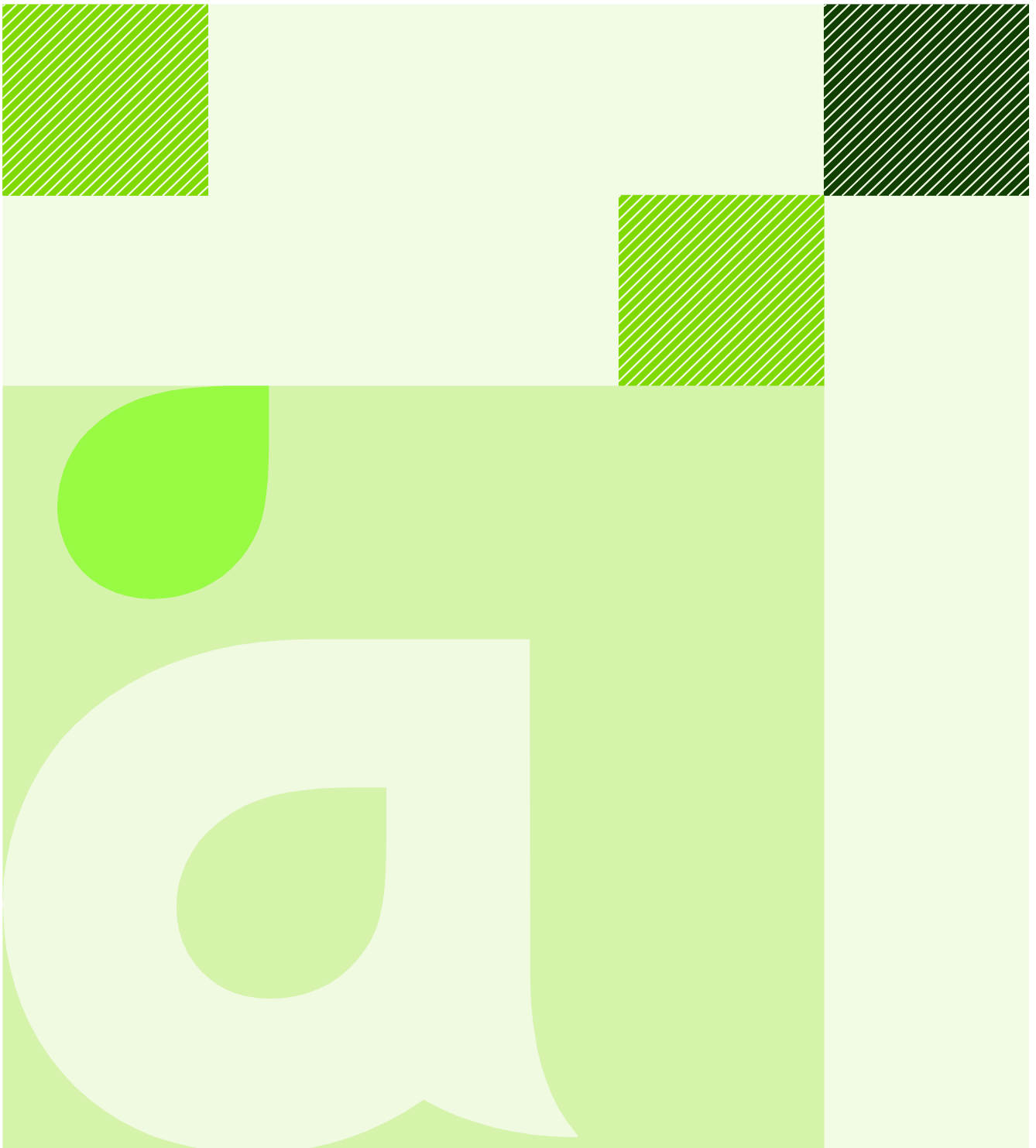
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Saldanha Bay Municipality IWMP

29 February 2016

**Integrated Waste Management Plan Review Report for the
Saldanha Bay Municipality**

Revision: 0

Saldanha Bay Municipality

Reference:

Document control record

Document prepared by:

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1977/003711/07

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Document control							aurecon
Report title		Integrated Waste Management Plan Review Report for the Saldanha Bay Municipality					
Document ID				Project number			
File path							
Client		Saldanha Bay Municipality		Client contact			
Re v	Date	Revision details/status		Prepared by	Author	Verifier	Approver
0	Date.			Kobie Pretorius	Kobie Pretorius		NM Mannie
Current revision		0					



Approval

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DRAFT

Saldanha Bay Municipality IWMP

Date 29 February 2016
Reference
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DEFINITIONS

Definitions listed below that are defined in terms of the National Environmental Management: Waste Act, 2008 has the same meaning as in the Act and are listed below for ease of reference.

A **basic waste management service** means to have access to at least once-a-week refuse removal services.

Building and demolition waste means waste, excluding hazardous waste, produced during the construction, alteration, repair or demolition of any structure, and includes rubble, earth, rock and wood displaced during that construction, alteration, repair or demolition.



Buy-back Centre means a location where discarded materials can be exchanged for money for further transportation to a recycling facility. The price for the waste is determined by the current markets and the quantities of waste.

Business Waste means waste that emanates from premises that are used wholly or mainly for commercial, retail, wholesale, entertainment or government administration purposes.

Composting means biologically degrading organic materials in the presence of oxygen, yielding carbon dioxide, heat and stabilised organic residues that may be used as a soil additive.

Container means a disposable or re-usable vessel in which waste is placed for the purposes of storing, accumulating, handling, transporting, treating or disposing of that waste, and includes bags, bins, bin-liners and skips.

Disposal means the burial, deposit, discharge, abandoning, dumping, placing or release of any waste into, or onto, any land.

Domestic waste means waste, excluding hazardous waste, that emanates from premises that are used wholly or mainly for residential, educational, health care, sport or recreation purposes.

Designated Waste Management Officer means a person in the employ of the Council authorised to be a designated officer in terms of (Section 10(5)) of the NEMWA, Act 59 of 2008.

General waste means waste that does not pose an immediate hazard or threat to health or to the environment, and includes—

- domestic waste;
- building and demolition waste;
- business waste: and
- inert waste.

Garden waste or green waste is biodegradable waste that can be composed of garden or park waste, such as grass or flower cuttings and hedge trimmings, as well as domestic and commercial food waste.

Hazardous waste means any waste that contains organic or inorganic elements or compounds that may, owing to the inherent physical, chemical or toxicological cause harm to the human health and the environment.

High income group means households which fall within the Living Standard Measure (LSM) of 5 – 10).

Inert Waste means waste that—

- does not undergo any significant physical, chemical or biological transformation after disposal;
- does not burn, react physically or chemically biodegrade or otherwise adversely affect any other;
- matter or environment with which it may come into contact; and
- does not impact negatively on the environment, because of its pollutant content and because the toxicity of its leachate is insignificant.

Integrated Waste Management Plan means a plan prepared in terms of section 12 of NEMWA.

Landfill means an appropriately designed, engineered and authorised waste disposal facility.

Low income group means households which fall within the Living Standard Measure (LSM) of 1 - 5

Materials Recovery Facility means a centre for the reception and transfer of materials recovered from the waste stream for recycling. Materials are sorted by type and treated (cleaning and compression).

Pollution means any change in the environment caused by-

- substances;
- radioactive or other waves; or
- noise odours, dust or heat, emitted from any activity, including the storage or treatment of waste or substances, construction and the provision of services, whether engaged in by any person, or organ of state, where that changes has an adverse effect on human health or well-being or on the composition, resilience and productivity of natural or managed ecosystems, or on materials useful to people, or will have such an effect in future.

Recovery means the controlled extraction of a material or the retrieval of energy from waste to produce a product.

Recycle means a process where waste is reclaimed for further use, which process involves the separation of waste from a waste stream for further use and the processing of that separated material as a product or raw material.

Re-use means to utilise articles from the waste stream again for a similar or different purpose without changing the form or properties of the articles.

Separation at Source means the separation of recyclable material from other waste at the point and time the waste is generated. This includes separation of recyclable material into its component categories and may include further separation within each category.

Treatment means any method, technique or process that is designed to— (a) change the physical, biological or chemical character or composition of a waste; or (b) remove, separate, concentrate or recover a hazardous or toxic component of a waste; or (c) destroy or reduce the toxicity of a waste, in order to minimise the impact of the waste on the environment prior to further use or disposal.

Waste means any substance, whether or not that substance can be reduced, re-used, recycled and recovered—

- (a) that is surplus, unwanted, rejected, discarded, abandoned or disposed of;
- (b) which the generator has no further use of for the purposes of production;

(c) that must be treated or disposed of; or

(d) that is identified as a waste by the Minister by notice in the Gazette, and includes waste generated by the mining, medical or other sector, but—

(i) a by-product is not considered waste; and

(ii) any portion of waste, once re-used, recycled and recovered, ceases to be waste.

Waste Avoidance means to employ efficiency-centred actions that remove or reduce the need to consume materials in the first place and hence avoid the generation of waste, but deliver the same outcome. Avoidance is at the top of the waste hierarchy.

Waste generator means in this case any source of general waste that may contain recyclables that can be separated at source for purposes of formalised recycling.

Waste Hierarchy is a concept promoting waste avoidance ahead of recycling and disposal, the waste hierarchy is recognised as promoting management of wastes in the order of preference: avoidance, reduce, reuse, recycle, recover and disposal.

Waste Management Services means waste collection, treatment, recycling and disposal services
Waste Minimisation means techniques used to keep waste generation at a minimum level in order to divert materials from landfill. The term waste minimisation is also applied to recycling and other efforts to reduce the amount of waste going into the waste stream

Waste Transfer Facility means a facility that is used to accumulate and temporarily store waste before it is transported to a recycling, treatment or waste disposal facility.



ACRONYMS

DEA:	Department of Environmental Affairs
DWAF:	Department of Water Affairs and Forestry
EIA:	Environmental Impact Assessment
EMP:	Environmental Management Plan
IDP:	Integrated Development Plan
IWMP:	Integrated Waste Management Plan
GDP:	Gross Domestic Product
NEMA:	National Environmental Management Act No 107 of 1998, as amended
NEMWA:	National Environmental Management: Waste Act No 59 of 2008, as amended
NWMS:	National Waste Management Strategy of 2011
PPP:	Public Private Partnerships
SLA:	Service Level Agreement
SBM:	Saldanha Bay Municipality
WIS:	Waste Information System

EXECUTIVE SUMMARY

Aurecon SA was appointed by the Saldanha Bay Municipality (SBM) to compile their Integrated Waste Management Plan. The Integrated Waste Management Plan (IWMP) will contribute to a better understanding of the total infrastructure needs within the community and will assist the Municipality in decision-making to determine the overall infrastructure maintenance and replacement costs. The IWMP will also guide the Municipality in selecting the most appropriate funding mechanism.

Several plans contribute to the development of the Integrated Development Plan (IDP) and Comprehensive Municipal Infrastructure Plan (CMIP) of which the IWMP is one of them. An IWMP is a high level strategic document that looks broadly at the waste management offering within a defined area and if necessary, proposes further steps that the responsible authority might consider taking to achieve a comprehensive integrated waste management service. The development of the plan included the following steps:

1. Background study.
2. Status quo analysis.
3. Establishing strategic objectives and priorities.
4. Gap analysis.
5. Development of goal, objectives and strategies.



The Background study and Status quo analysis have been finalised and in conclusion, the following remarks were drawn and gaps to be addressed:

- Bulk cleansing has a shortage in personnel as the 3 tipper trucks, digger loader and bobcat has only 1 funded position with the rest being unfunded vacant positions.
- The Municipality must address illegal dumping by enforcing the By-Laws.
- Building rubble is not formally addressed.
- There are no formal composting activities currently taking place.
- Vehicles aged between 8 and 18 years are in a poor condition.
- The Kalkrug landfill site is closed and a closure license was issued, rehabilitation of the landfill site has not yet commenced as required in the licensee conditions.
- The Hopefield landfill site has been closed but a closure license has not been issued.
- Bulk cleansing has a shortage in personnel as the 3 tipper trucks, digger loader and bobcat has only 1 funded position with the rest being unfunded vacant positions.
- No provision was made for law enforcement activities on the organisational structure.
- A gap have been identified between the manager and the operational level to assist with waste management operations.

1 SCOPE OF PLAN

The Saldanha Bay Municipality (SBM) appointed Aurecon to assist with the review of their Integrated Waste Management Plan (IWMP) for the Community Services Department of the Municipality. As required by the National Waste Management Strategy (NWMS) 2011 and the Integrated Development Plan (IDP) process all municipalities are obliged to develop an IWMP and review it every five years. SBM is reviewing the 2011 IWMP (JPCE, 2011) a year earlier than required because the 2011 IWMP is a draft report that has not been approved by council.

The plan covers all 13 wards of the Municipality, covering St Helena Bay, Jacobsbaai, Langebaan, Paternoster, Saldanha, Hopefield and Vredenburg. It reviews services currently rendered and sets goals to be achieved in order to meet the requirements of the NEWMA (2008), as amended and the NWMS (2011).

1.1 Overall aim and goals

The aim of the IWMP is to ensure that the Municipality provides waste management services that are compliant with the National Environmental Waste Management Act of 2008, as amended and NWMS (2011) to communities. The goals set focus on minimising waste that is disposed at the landfill site by encouraging waste minimisation, re-use and recycling.

1.1.1 IWMP Responsibilities

The National Waste Management Strategy (2011) allocated the following responsibilities for IWMP:

- The National Department of Environmental Affairs (DEA) to draft and promulgate regulations and guideline documents for integrated waste management planning for all waste types.
- The Provincial Environmental Departments to develop hazardous waste management plans and prepare provincial environmental and waste management plans that incorporate the IWMP's submitted by local government and industry. These will be submitted to the Central Executive Committee for approval, which will facilitate inter-provincial coordination, particularly in relation to planning for facilities for treatment and disposal of waste.
- Local Government to develop and submit plans for integrated general waste management to the respective provincial environmental departments.
- Waste management plans for industrial waste that is disposed of at private and/or dedicated disposal facilities, to be prepared by the developers/owners and submitted to the respective provincial environmental departments.

1.1.2 Waste Management Principles

Underlying principles or factors for this IWMP are as follows:

a) The 'polluter pays principle'

The National Environmental Management Act, (NEMA), Act 107 of 1996, states that all costs associated with the management of waste should be borne by the persons who generated the waste. Such costs may include the following:

- waste minimization;
- waste separation;
- containing, treating and disposing of waste; and
- rectifying environmental harm caused by waste.

b) Cradle to grave

This is a process where a waste generator is responsible for and develops intervention programmes throughout the lifecycle until final disposal.

c) Cradle to cradle

The concept of cradle-to-cradle is different from cradle to grave in that each part of a product is made with its entire life cycle in mind. Closed-loop recycling reduces the demand for raw materials and the fuel to produce a new product. Cradle-to-cradle materials are either biologically consumable, where they can be returned straight to the Earth, or technically reusable, where the materials can be reused or placed directly back into the production cycle.

d) Co-ordination

This is a process where a waste generator ensures that waste management is integrated across all sectors of the organization.

e) Capacity building and education

To successfully implement its IWMP the SBM recognizes the need to ensure the development of skill, capacity and understanding of its employees, Retailers and other stakeholders for effective participation in achieving integrated waste management.

f) Accountability

The SBM is responsible for environmental policy formulation, monitoring and enforcement. This will ensure accountability for waste generated and managed.

g) Ensuring Sustainable Development

This IWMP need to achieve a better balance between economic prosperity, social equity and environmental protection – i.e. making sure that sustainable development takes place in the context of 'living today with tomorrow in mind'.

1.1.3 Methodology



To compile this plan a Status Quo Investigation and Gap Analysis were conducted.

The following methodology was followed for the status quo investigation:

- All relevant records were obtained for the purposes of the study
- Relevant officials from the Municipality were interviewed
- Areas in the study were visited to obtain first-hand information of the existing status of the waste management services rendered
- Organisations involved in solid waste management were interviewed
- The municipal area was assessed with consideration of waste generation, collection volumes, existing collection systems, equipment, personnel and landfill status. The status quo was completed based on the assessment findings
- The current waste management practices were evaluated against the principles contained in the waste management hierarchy and waste management aspects were evaluated from the points of generation through to disposal/landfill.

The status quo report compiled for the IWMP provided an indication of the planning context within which the greater IWMP for the SBM was formulated, as well as additional legislative frameworks that needed to be considered when undertaking the compilation of an IWMP. It set the platform for the completion of all subsequent stages of the integrated waste management planning for the SBM.

The following assumptions were made where insufficient information was available:

- Waste Generation Calculations:
 - Domestic Waste Generation – 7 days a week
 - Business Waste Generation – 6 days a week
- Waste Collection Calculations:
 - Domestic and Business – 5 days a week
- Where recorded generation rates were not available the following quantities¹ were used:
 - Rural settlements (poor communities) – 0.3 kg/person/day
 - Urban – 0.8 kg/person/day

The status quo report provides legislative frameworks that was considered when reviewing the IWMP as well as an indication of the context within which the review of the IWMP was conducted.

1.1.4 Waste management needs

Based on the information collected, the needs of the Municipality for the immediate future were identified and measured against the existing IDP objectives.

1.1.5 Geographical area

The Saldanha Bay Municipality is situated 140 km north of Cape Town, it covers an area of 2 045km² with a 238 km coastline. The municipality is bordered by the Atlantic ocean in the west; the Berg River Municipality in the north and the Swartland Municipality in the east. It forms part of the West Coast District Municipality. The SBM has 13 wards covering St Helena Bay; Jacobsbaai; Langebaan, Paternoster; Saldanha, Hopefield and Vredenburg.

1.2 Policy and Legislation

This section addresses any policy and/or legislation that must be considered when reviewing the 2011 IWMP.

South Africa has extensive legislation that has been promulgated to ensure protection of the environment and people. Relevant acts, regulations, guidelines and international conventions are discussed below.

1.2.1 The Constitution of the Republic of South Africa

The South African Constitution (Act 108 of 1996) is the supreme law of the land. Section 24 (a) of the Act states that: “everyone has the right to an environment that is not harmful to their health or wellbeing.” This poses a duty on all organs of state to promulgate legislation and to implement policies that ensure that this right is upheld. Chapter 7 of the Constitution states that the roles and responsibilities of local government include:

- promotion of social and economic development; and
- promotion of a safe and healthy environment.

The Municipality is responsible for waste removal, managing waste disposal facilities and cleansing as it sees it as a part of basic service and as per Schedules 4 and 5 of the constitution.

¹ Quantities within the typical volumes of waste generated per person as stipulated in the Working with Waste Guideline on Waste Collection in High Density and Unserved Areas

1.2.2 National Environmental Management Act, 1998 (Act No. 107 of 1998), as amended

The National Environmental Management Act, 1998 (Act No. 107 of 1998), as amended (NEMA) was promulgated in November 1998. It is the key legislation for environmental management in South Africa. NEMA promotes social, economic and environmental sustainability with a key focus on conservation of the environment. The Act requires environmental processes to be transparent and to provide capacity for disadvantaged stakeholders to participate. NEMA promotes the need for co-operative governance where more than one government department may be involved in decision-making for a proposed development.

NEMA was amended in 2006 and again in June 2010, providing a new list of activities that require environmental authorisation through different processes. The list describes those activities that require a basic environmental assessment (BA) and those that require a full environmental impact assessment (EIA). Both the BA and EIA involve public participation. The two processes are detailed and involved, however the EIA involves a longer timeframe, being broken down into scoping and impact assessment phases in comparison to BA:

- Environmental management must place people and their needs at the forefront of its concern, and serve their physical, psychological, developmental, cultural and social interests equitably.
- Development must be socially, environmentally and economically sustainable. The Act further defines in considerable detail the approach to sustainable development.
- Environmental management must be integrated, acknowledging that all elements of the environment are linked and interrelated.
- Environmental justice must be pursued so that adverse environmental impacts are not in any way discriminatory to any part of the population.
- There must be equitable access to environmental resources, benefits and services to meet basic human needs and ensure human well-being.
- The participation of all interested and affected parties in environmental governance must be promoted throughout the life cycle of any project or programme and any decision making process.
- Community well-being and empowerment must be promoted through environmental education, the raising of environmental awareness, the sharing of knowledge and the recognition of all forms of knowledge, including traditional and ordinary knowledge.
- The social, economic and environmental impacts must be considered, assessed and evaluated.
- Processes must be transparent.
- The rights of workers must be projected and the vital role of women and youth in environmental management and development must be recognised and their full participation promoted.
- There must be harmonisation between policies, legislation and actions relating to the environment. Global and international responsibilities relating to the environment must be incorporated at national interest.

1.2.3 National Environmental Management: Waste Act, 2008 (Act No. 59 of 2008), as amended

Chapter 1, Section 2 of the National Environmental Management Waste Act provides the following objectives of the act:

- To protect health, well-being and the environment by providing reasonable measures for:
 - minimising the consumption of natural resources;
 - avoiding and minimising the generation of waste;
 - reducing, re-using, recycling and recovering waste;
 - treating and safely disposing waste as a last resort;
 - preventing pollution and ecological degradation;
 - securing ecologically sustainable development while promoting justifiable economic and social development;
 - promoting and ensuring the effective delivery of waste services;
 - remediating land where contamination presents, or may present a significant risk or harm to human health or the environment; and

- achieving integrated waste management and reporting and planning.
- To ensure that people are aware of the impact of waste on their health, well-being and the environment;
- To provide for compliance; and
- To give effect to section 24 of the Constitution in order to secure an environment that is not harmful to health and well-being.

The Act requires that a National Waste Management Strategy (NWMS) be drafted in order to achieve the objectives of the Act. The NWMS was drafted and finalised in 2011 and all spheres of government must implement this strategy. It also sets waste service standards, covering areas such as tariffs, quality of service and financial reporting. Municipalities are also required by the Act to designate a waste management officer.

According to the Act, each municipality must produce an IWMP and submit it to the Member of the Executive Council (MEC) for approval. The approved IWMP must be included in the Municipal Integrated Development Plan (IDP). Prior to finalising the IWMP, the Municipality is required to follow the consultative process as defined in Section 29 of the Municipal Systems Act. This can be done either as a separate process or as part of the consultative process relating to its IDP.

Minimum contents required in an IWMP are outlined in the National Environmental Management: Waste Management Act. The contents of this IWMP were guided by those for a standard IWMP.

The NEMWA provides definitions of waste as well as the listed activities that require licensing. This Act also provides specific waste management measures for remediation of contaminated land as well as for compliance and enforcement. Waste and waste management activity as amended by Act 14 of 2003² is defined as follows:

“waste” means:

- a) any substance, material, or object that is unwanted, rejected, abandoned, discarded or disposed of, or that is intended or required to be discarded or disposed of, by the holder of that substance, material or object, whether or not such substance, material or object can be re-used, recycled or recovered and that includes all wastes as defined in Schedule 3 of the Act; or
- b) any other substance, material, or object that is not included in Schedule 3 that may be defined as waste by the Minister by notice in the Gazette,
 - i. once an application for its re-use, recycling or recovery has been approved or, after such approval, once it is, or has been re-used, recycled or recovered;
 - ii. where approval is not required, once a waste is, or has been re-used, recycled or recovered;
 - iii. where the Minister has, in terms of section 74, exempted any waste or a portion of waste generated by a particular process from the definition of waste; or
 - iv. where the Minister has, in the prescribed manner, excluded any waste stream or a portion of a waste stream from the definition of waste.”

“waste management activity” means any activity listed in Schedule 1 or published by notice in the Gazette under section 19, and includes:

- a) the importation and exportation of waste;
- b) the generation of waste, including the undertaking of any activity or process that is likely to result in the generation of waste;
- c) the accumulation and storage of waste;
- d) the collection and handling of waste;

² Published under Government Notice 449 in Government Gazette 37714 of 2 June 2014

- e) the reduction, re-use, re-cycling and recovery of waste;
- f) the trading in waste;
- g) the transportation of waste;
- h) the transfer of waste;
- i) the treatment of waste; and
- j) the disposal of waste.

1.2.4 Guideline for the development of Integrated Waste Management Plans (IWMPs)

The IWMP guidelines provide a background for the compilation of IWMPs which includes a short historical overview of IWMPs to date and a basic description of the legal framework pertaining to IWMP development.

The integrated waste management planning process incorporates all major stages of the environmental planning process, namely:

- Analysing the current situation and legal framework;
- Making projections of future requirements;
- Setting objectives;
- Developing projects and programmes to reach the set objectives;
- Implementation of plan (activities, projects and programmes);
- Monitoring and Evaluation (M & E) of the programmes and plans implemented; and
- Periodic review of the plans to ensure continuous improvement.

1.2.5 National Waste Management Strategy (2011)

The National Waste Management Strategy (2011) (NWMS) was promulgated on 4 May 2012 to address South Africa's waste management challenges, and gave effect to the suite of policies and relevant legislation which preceded it. The overall objective of the strategy is to reduce the generation of waste and reduce the impact of all forms of waste on economic development, health and the quality of environmental resources. The NWMS sought to achieve the following goals:

- Promote waste minimisation, re-use, recycling and recovery;
- Ensure effective and efficient waste delivery services;
- Growing the contribution of the waste sector to the green economy;
- Ensure that people are aware of the impact of waste on their health, well-being and the environment;
- Achieve integrated waste management planning;
- Ensure sound budgeting and financial management for waste services;
- Provide measures to remediate contaminated land; and
- Effective compliance with and enforcement of the Waste Act.

1.2.6 National Norms and Standards for Assessment of Waste for Landfill Disposal³

The National Norms and Standards for the assessment of waste for landfill disposal prescribe the requirements for the assessment of waste prior to landfill.

³ Published under Government Notice R635 in Government Gazette 36784 of 23 August 2013

1.2.7 National Norms and Standards for disposal of Waste to Landfill⁴

The norms and standards for disposal of waste to landfill stipulate the waste acceptance criteria for disposal to landfill and the various waste disposal restrictions.

1.2.8 Waste Classification and Management Regulations⁵

These regulate classification and management of waste to give effect to provisions of the NEMA.



1.2.9 Municipal By-Laws

Municipalities are required to draft and maintain municipal by-laws which detail the responsibilities of the municipalities and the residents within a defined municipal boundary. In terms of Chapter 7 on Local Government, section 162 on the publication of by-laws of the Constitution of the Republic of South Africa:

- A municipal by-law may be enforced only after it has been published in the official gazette of the relevant province.
- A provincial official gazette must publish a municipal by-law upon request by the Municipality.
- Municipal by-laws must be accessible to the public.

SBM has Solid Waste Disposal by-law that was published December 2012⁶.

1.2.10 Polokwane Waste Summit Declaration (September 2001)

During September 2001 a national waste summit was held at Polokwane. It was attended by all stakeholder groupings in the waste field in order to jointly chart a way forward in terms of waste management. The resultant Polokwane Declaration includes a vision and goal for the management of all waste, i.e. domestic, commercial and industrial:

- Vision - To implement a waste management system, this contributes to sustainable development and a measurable improvement in the quality of life by harnessing the energy and commitment of all South Africans for the effective reduction of waste.
- Goals - To reduce waste generation and disposal by 50% and 25% respectively by 2012 and develop a plan for zero waste by 2022. The Polokwane Declaration has significant implications for local government. In order to move towards the goal it will be necessary for government and other stakeholders to engage more closely toward the achievement of this goal in a realistic and practical manner. The key actions in the Polokwane Declaration that impact on local government include the following:
 - Implement the NWMS (2011).
 - Develop and implement legislative and regulatory framework.
 - Waste reduction and recycling.

Develop waste information and monitoring systems

⁴ Published under Government Notice R636 in Government Gazette 36784 of 23 August 2013

⁵ Published under Government Notice R634 in Government Gazette 36784 of 23 August 2013

⁶ Province of Western Cape, Provincial Gazette Extraordinary, 7077/402, Monday, 24 December 2012

1.2.11 International Conventions

South Africa is a signatory to the Basel (1994) and Stockholm (2001) Conventions. The key objectives of the Basel Convention are:

- to minimise the generation of hazardous waste in terms of quantity the severity of the hazard;
- to dispose of them as close to the source of generation as possible;
- to reduce the movement of hazardous waste.

A central goal of the Basel Convention acceded to by South Africa in 1994, is “environmentally sound management” (ESM), the aim of which is to protect human health and the environment by minimising hazardous waste production whenever possible. ESM means addressing the issue through an “integrated life-cycle approach”, which involves strong controls from the generation of a hazardous waste to its storage, transport, treatment, reuse, recycling, recovery and final disposal.

The Stockholm Convention on Persistent Organic Pollutants (POPs), to which South Africa became a signatory in 2001. It is a global treaty to protect human health and the environment from POPs. POPs are particularly carcinogenic and are toxic to both humans and wildlife. Burning of waste in open landfill sites or by incineration has the potential to produce high volumes of POPs into the atmosphere.

1.2.12 The National Health Act, 2003 (Act No. 61 of 2003)

The National Health Act, 2003 defines “municipal health services” to include water quality monitoring; food control; waste management; health surveillance and prevention of communicable diseases, excluding immunisations; vector control; environmental pollution control; disposal of the dead; and chemical safety, but excludes port health, malaria control and control of hazardous substances.

Section 32 of the Act requires that municipal health services (including waste management) be effectively and equitably provided. Furthermore, national and provincial government must enter into a service level agreement as contemplated in section 156(4) of the Constitution, assigning the administration of the listed matters to the municipality.

The service level agreement must according to section 32(3) provide for

- a) the services to be rendered by the municipality;
- b) the resources that the relevant member of the Executive Council must make available;
- c) performance standards which must be used to monitor services rendered by the municipality; and
- d) conditions under which the agreement may be terminated.

This Act also pertains to health care waste management. The Act, in relation to waste activities designates the municipal services by including waste management in terms of formulating regulations regarding medical and health care waste by the Minister Responsible.

1.2.13 Municipal Structures Act, 1998 (Act No 117 of 1998)

The Municipal Structures Act, 1998 (Act 117 of 1998) delineates powers and functions of different categories of municipalities. In terms of the Act, municipalities have powers and functions relating to integrated, sustainable and equitable social and economic development of the district. This role should be performed by ensuring integrated development planning for the district as a whole, building the capacity of local municipalities to perform their functions, exercising local municipal powers where capacity is lacking, and promoting the equitable distribution of resources between the local municipalities in its area. The Act further reiterates the functions of local municipalities as contained in the Constitution excluding the ones referred to as district functions. This includes the provision of waste collection and disposal services and cleansing.

1.2.14 Municipal Systems Act, 2000 (Act No. 32 of 2000)

The Municipal Systems Act, 2000 (Act 32 of 2000) defines alternative approaches that may be employed in delivering municipal services and the processes to be followed when such alternatives are considered. The need for integrated planning and performance monitoring of both external and internal mechanisms of service delivery are emphasised in the Systems Act. The Act further mandates communities to be encouraged to participate in strategic decisions making relating to service delivery.

1.2.15 Waste Tyre Regulations⁷

The Waste Tyre Regulations are designed based on Section 24C of Environmental Conservation Act (ECA) 1989, (Act No. 73 of 1989). This design is intended to regulate the handling, storage and disposal of used tyres.

1.2.16 Minimum Requirements for Waste Disposal by Landfill, 1998

The then Department of Water Affairs and Forestry (DWAF), having a concern for the protection of water resources of South Africa and at the time being responsible for permitting of waste facilities developed a part series of documents commonly referred to as the 'Minimum Requirements'. The first edition was published in 1994, followed by the 2nd edition, which superseded the 1st edition in 1998. The general objectives of the Minimum Requirements are to:

- set out minimum requirements in terms of processes to be followed and information required for the application of a permit for a facility;
- provide a minimum set of environmentally acceptable ways of handling, transportation, treatment and disposing of different types of waste that has to be achieved; and
- set minimum standards and specification, which had to be adhered to, in order to protect water resources from potential pollution from waste facilities.



⁷ Published under Government Notice 31901 in Government Gazette R9032 of 2009

2 SITUATION ANALYSIS

To determine the status quo of waste management services in the SBM a situation analysis was conducted. The situation analysis was conducted to evaluate and quantify all waste management aspects within the city council. This includes the current status of the number of residents in the city council; the demographic profile; socio-economic composition and deliver of waste management services in the area.

This IWMP is a review and update of the previous IWMP that was produced in September 2011. It seeks to ensure that the 2011 IWMP was implemented successfully. The IWMP will be updated to ensure that measures are put in place to minimise waste generated and disposed according to the waste management hierarchy.

2.1 Demographics (Population and Development Profiles)⁸

The census 2011 data, the Saldanha Bay Municipality 2015/16 Integrated Development Plan (IDP) and information gathered through interviewing relevant people in the Municipality were used to complete demographic details.



Figure 1: Saldanha Bay Municipality

⁸ Demographics data is reported data from the Census 2011, accessed from www.statssa.gov.za

2.1.1 Population

The SBM is the largest (in population size) municipality in the West Coast District Municipality. It has a total population of 99 193 (49.8% male and 50.2% female) with 28 835 households and 1 116 agricultural households (Census, 2011). 96.8% of dwellings are in the urban area with the remaining 3.2% dwellings on farms. Its population grew from 70 261 in 2001 to 99 193 in 2011 (4.34%, population growth rate). The city council is ranked 113 in South Africa by population size (Stassa; 2011).

Table 1 shows population demographics for the Saldanha Bay Municipality compared with its district municipality and the Western Cape Province.

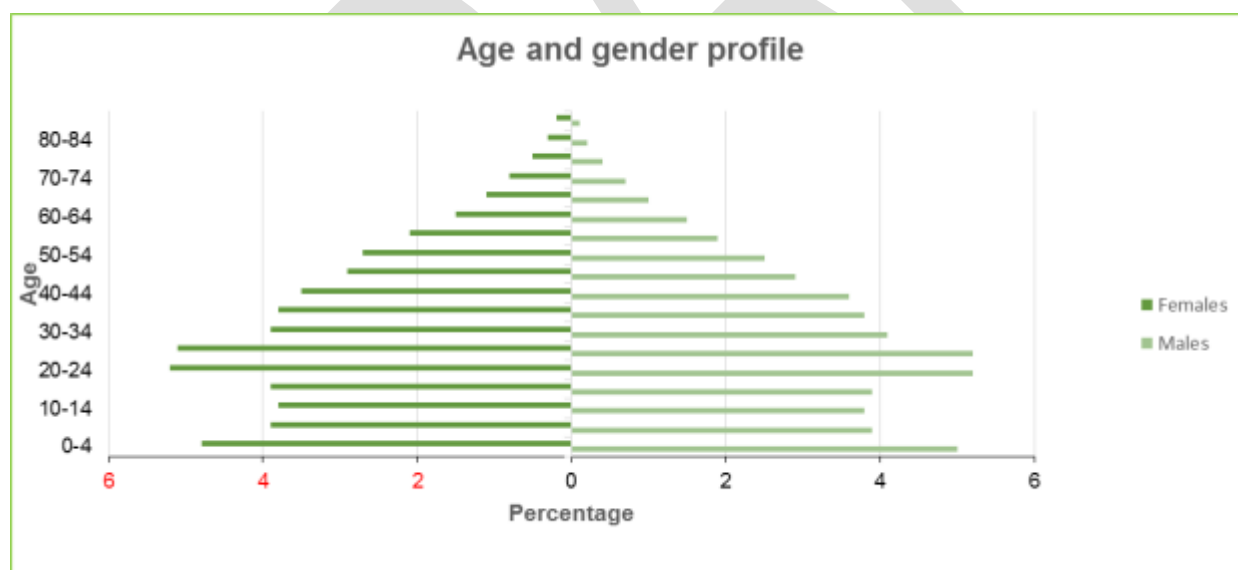
Table 1: Population Demographics for the Saldanha Bay Municipality, its District Municipality and the Western Cape Province

	Saldanha Bay	West Coast District Municipality	Western Cape Province
Surface area km ²	2 015	31 100	129 462
Population size	99 193	391 766	5 822 735
Households	29 951	116 390	1 718 571

2.1.2 Age and Gender Profile

The SBM has a very young population, with 61.7% of the population under the age of 35, see Table 2, with the largest number of people between the ages 20-29. The population is comprised of 50.2% females and 49.8% males.

Table 2: Age and gender profile of SBM



2.1.3 Households

The municipality consists of 29 951 households (including agricultural households); 96.8% of which are in the urban area and 3.2 % on farm land. The household profile was used to measure the average household size of 3.08. This information is important because the number and size of households will assist the city council with proper planning for waste collection and management. Smaller household sizes are often

attributed to more affluent areas. However, this statement does not take into account culture and preferences and therefore cannot be used as an only determinant of waste volumes according to area.



2.1.4 Employment

Knowing the employment rate within a municipality is vital for integrated waste management planning because the municipality can use employment figures to predict the volumes of waste produced and therefore make adequate provision of resources to render the required waste management services.

SBM had an unemployment rate of 23.4% with 30.4% of youth unemployed. Only 35% of the population was employed at the time of the survey. Figure 2 shows the employment status the SBM population. This information is important because it shows the ability for people to pay for waste management services rendered and will help the municipality plan better for waste management services because people tend to generate more waste when they have a high income.

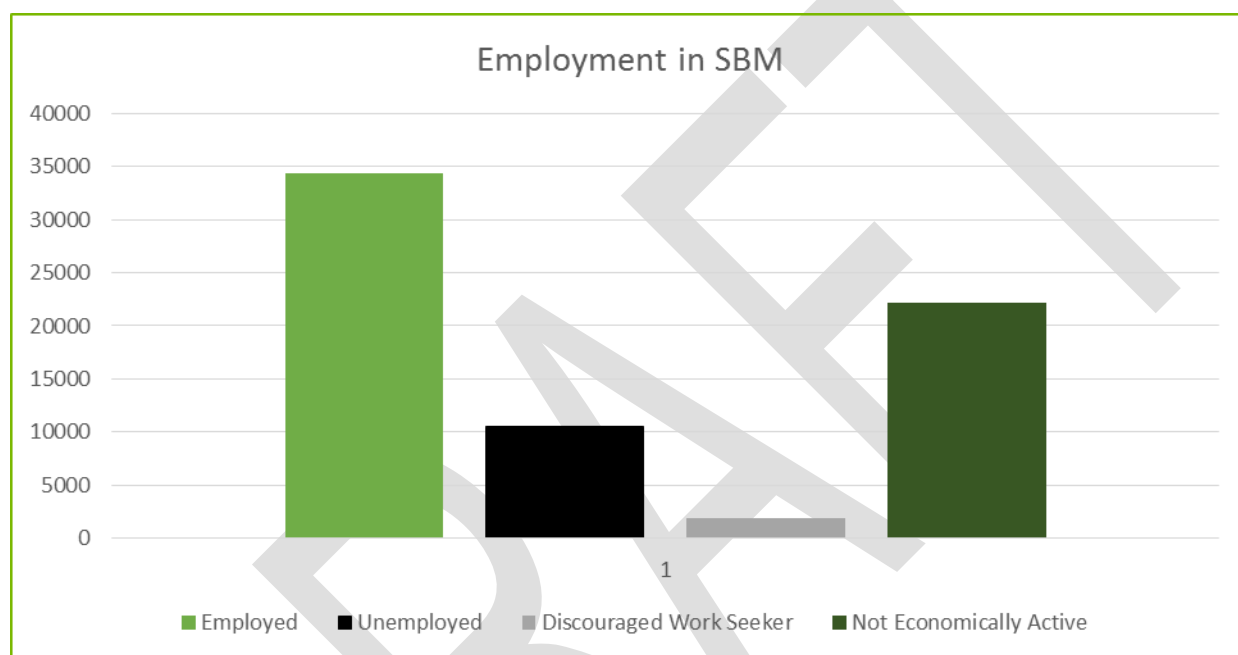


Figure 2: Number of employed and unemployed people in SBM

2.1.5 Annual Household Income

Household income is a vital determinant of welfare and the standard of living. Household income is a family's ability to meet their basic needs in the acquisition of food, shelter and clothing. One of the most important poverty indicators is the Minimum Living Level (MLL). The Minimum Living Level indicates the minimum financial requirements of a family if they are to maintain their health and have acceptable standards of hygiene and sufficiently meet their needs.

13.9% of the population have no income; 49 % earn an average of less than R77 000 per year and only 8% earning more than R307 000 on average per year (see Figure 3).

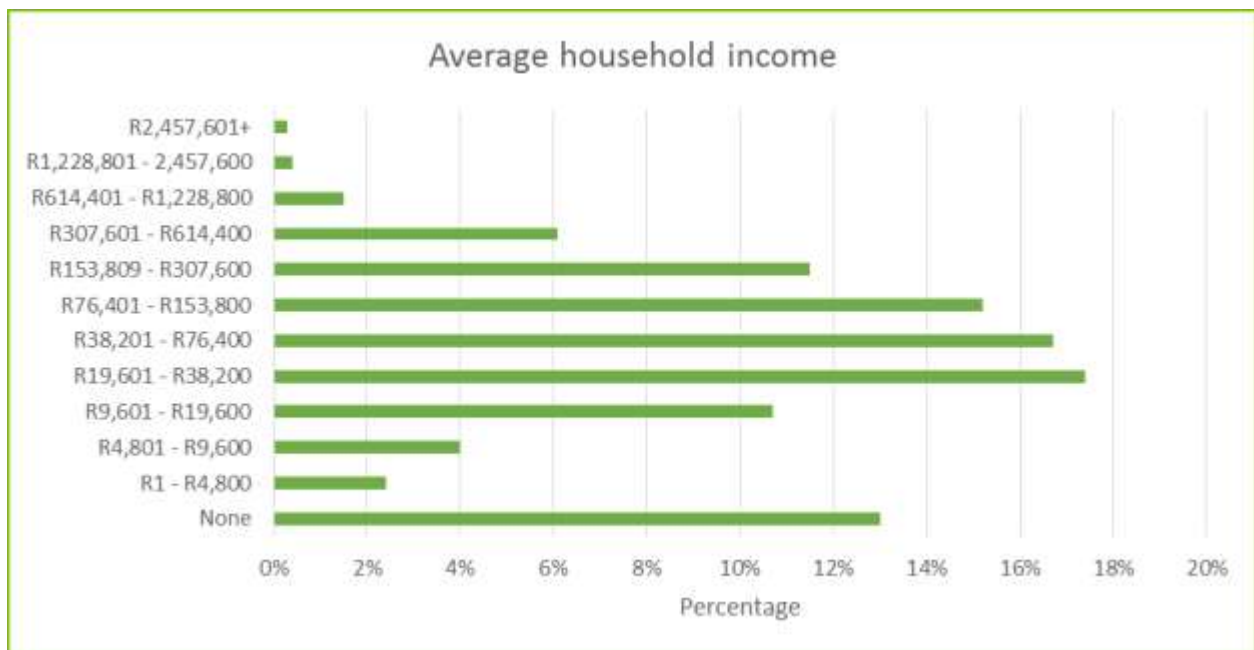


Figure 3: Average household income

Generally, waste generation tends to increase with household income; however there is no direct correlation between waste generation and household income and many variances occur. Therefore, it is difficult to predict the impact that income has on waste generation rate. But, it is acceptable to assume that a huge economic growth could be accompanied by growth in waste generated before possible waste minimisation strategies take effect.

2.1.6 Employment

StatsSA estimates that SBM had 34359 employed persons in 2011 and 10470 unemployed. SBM has an employment percentage of 70% and unemployment rate of 21%. 4% of the SBM population are discouraged work seekers.

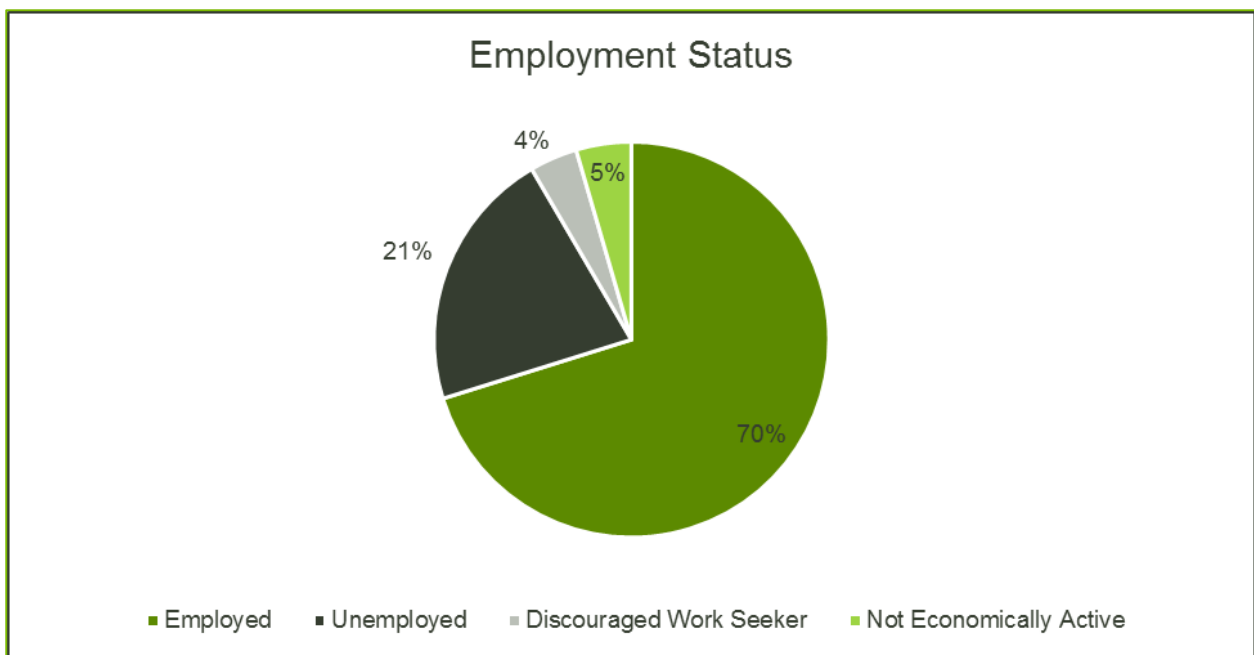


Figure 4: Employment status

2.1.7 Economy

The SBM economy is based on the manufacturing; agricultural/fishing; tourism and harbour industries. The industrial tourism and agricultural sectors are viewed as the primary economic drivers. However mechanisation in the agricultural sector have led to farm workers losing their jobs and leaving the area to seek employment elsewhere.

The Saldanha Port is strategically located to contribute to the economic growth of the municipality. Its links to road, rail and air transportation modes makes it easier to transport products.

2.2 Determining current waste generation and estimating future waste generation rates and quantities

It is important to determine the current waste generation rates and type of waste generated in order to ensure that there are adequate resources for collection of waste and adequate facilities to properly handle and manage the amount of waste generated with the intention of minimising the amount of solid waste disposed at landfill sites. Estimating future generation rates and quantities will assist with planning to ensure that there will be adequate resources to meet future waste services demands.

2.2.1 Households

A majority of household in SBM are in the urban area with very few households on tribal/traditional land and farms. More than 70% of households in the municipality are small in size (4 occupants and less). Households are issued with wheelie bins. Waste separation is not carried out at household level. An initiative for separation at source is however implanted in Langebaan town.

2.2.2 Businesses

Business areas have a different waste generation profile. They are significant waste generators but with a higher percentage of packaging material in the waste. The composition of business waste can vary significantly between different types of businesses. Business waste in general has a higher potential for

recycling due to the fact that waste materials are more homogeneous or exist in higher concentrations within the waste stream, as compared to what can be found in household. Most businesses generate what is classified as a general waste originating from offices, common areas and lounges and service areas. If this waste is properly managed by being separated at source, businesses can contribute to a sustainable solution for waste management. Businesses in SBM can dispose their waste in wheelie bins provided by the city council.

Waste from the informal business sector is often problematic. Particularly where trading is concentrated, littering and illegal dumping often occurs.

2.2.3 Farming

Farms generate a variety of waste including hazardous waste through using fertilisers and pesticides. A large portion of waste from farms is organic. Resident farm workers have a waste generation profile similar to that of rural areas, however this might not be covered by municipal administration because it exists on private land. Waste from farms in any municipality is relatively small compared to other sectors. Waste from farms makes up 6.1% of total waste produced in South Africa (Enviropaedia, 2007).

Waste from farms is not included in the round collection services. Farmers can take their general waste directly to the Vredenburg landfill site and garden waste to the Langebaan landfill site.

2.2.4 Healthcare Facilities

Clinics and healthcare workers have the potential to generate Health Care Risk Waste (HCRW), which is hazardous and therefore must be treated appropriately. A lack of appropriate HCRW treatment facilities presents a critical pollution risk at the point of generation. All public clinics and hospitals are under the authority of the Provincial Department of Health. Environmental Health Practitioners are responsible for control of waste under the supervision of the Chief Environmental Health Practitioner.

According to the United Nations (UN) Regulations of dangerous goods and the South African National Standards (SANS) 10248, hazardous waste is divided in 9 different classes. Hazardous Health care Waste which can be found in every healthcare facility is classified as class 6 waste (toxic and infectious); sub division 6.2: infectious substances. Additionally, SANS 10248 classifies waste streams within healthcare facilities in different hazardous ratings (HR 1-4) and in different waste streams. These streams are supposed to be packed, labelled, handled, stored and treated according to their level of hazard in order to create a safe and environmentally sound healthcare waste management:

- Human or anatomical waste
- Infectious human anatomical waste (colour code RED – labelling Class 6.2)
- Infectious animal anatomical waste (colour code ORANGE – labelling Class 6.2)
- Non-infectious animal anatomical waste (colour code BLUE)
- Infectious non-anatomical waste (colour code RED – labelling Class 6.2)
- Sharps (colour code YELLOW – labelling Class 6.2)
- Pharmaceutical or chemical waste (colour code GREEN – labelling different Hazardous Classes)
- Cytotoxic pharmaceutical waste (colour code GREEN – labelling specific sign: red triangle on black background with bold letters: **Cytotoxic**)
- Radioactive waste (labelling Class 7: radioactive Material)
- General Healthcare waste (colour code BLACK)
- According to the World Health Organisation (WHO⁹) 20% of healthcare waste is hazardous; it is made up of:
 - Infectious and anatomic waste (15%)
 - Sharps (1%)

⁹ Waste from health-care activities, Fact sheet No. 253, November 2011. Accessed from www.who.int/mediacentre/factsheets/fs253/en/, on 14 September 2015.

- Chemical or pharmaceutical waste (3%); and
- Genotoxic waste, radioactive matter and heavy metal content (1%).

Sharp waste, although produced in small quantities is highly infectious if it is poorly managed. Contaminated needles and syringes represent a particular threat and may be scavenged from waste areas and dump sites and re-used. There is no information on the general relation of these fractions in the waste stream of hospitals and clinics. General waste can be found in the HCRW stream as a result of poor segregation at source. Hazardous waste is regulated through municipal by-laws. Only general waste from the hospitals and clinics is collected by the waste management unit of SBM, HCRW collection is provided for at provincial level.

2.2.5 Waste generation rates

Statistics from the 2011 Census were used to estimate quantities of waste generated in SBM. Using typical waste generation figures, the total volume (in tonnes) of municipal waste was calculated. Allowance to include commercial, waste, builder's rubble and non-hazardous was made.

General waste is defined as waste that does not pose a significant threat to public health and the environment if properly managed. It includes:

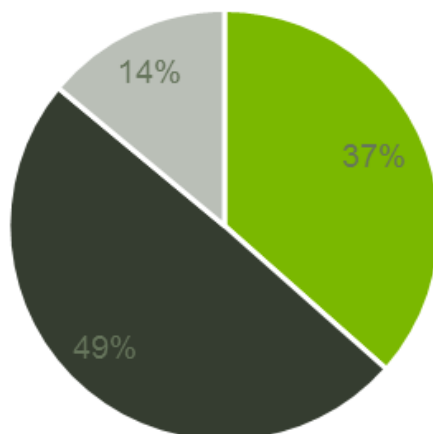
- Metals
- Paper
- Glass
- Plastic
- Organic
- Inert and builder's rubble.

Recyclables like plastic, paper, glass and metal makes up a large percentage of waste produced in SBM (including households and businesses), see Figure 5 for total waste composition within the Municipality.

Table 3: Waste generated in SBM

Waste generated per ton within SBM		
Landfill site	Per year	Per Month
Vredenburg	66153	5513
Langebaan	19500	1625
Totals	85653	7138

Total waste generated in SBM



■ Municipal solid waste ■ Construction and demolition waste ■ Garden waste

Figure 5: Current waste composition in SBM

The calculated waste generation rates using population and projected population growth is presented below. Table 3 presents calculated waste generation for the 2015 year and Table 4 presents projected waste generation for the years 2017 and 2021.

Table 4: Projected waste generation rate

Area	Population (2011)	Growth Rate (%)	Projected Population Growth		Total Estimated Waste Generation ton/month 2011	Waste Growth Rate (%)	Projected Waste Generation ton/month	
			2017	2022			2017	2022
3.45%								
SBM	99193	3.45%	121581	144051	6203	3.45%	7603	9008
4%								
SBM	99193	4%	125511	152703	6203	4%	7849	9549
4.5%								
SBM	99193	4.5%	129175	160976	6203	4.5%	8078	10067
6%								
SBM	99193	6%	140707	188298	6203	6%	8799	11775

2.3 Waste Quantities and Types

Volumes of waste produced varies slightly in low income areas to high income areas, both areas have a high percentage of recyclables but low income areas produce more plastic whilst high income areas

produce more paper. Low income areas produce almost double the “other” waste category compared to high income areas.

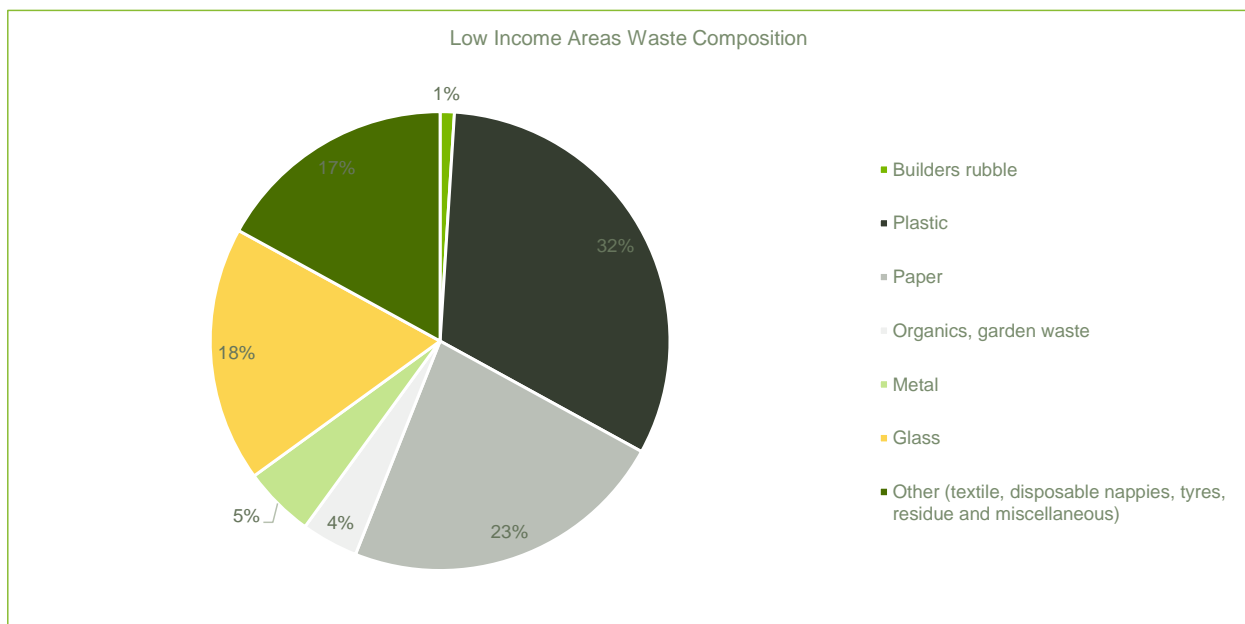


Figure 6: Waste Composition for low income areas

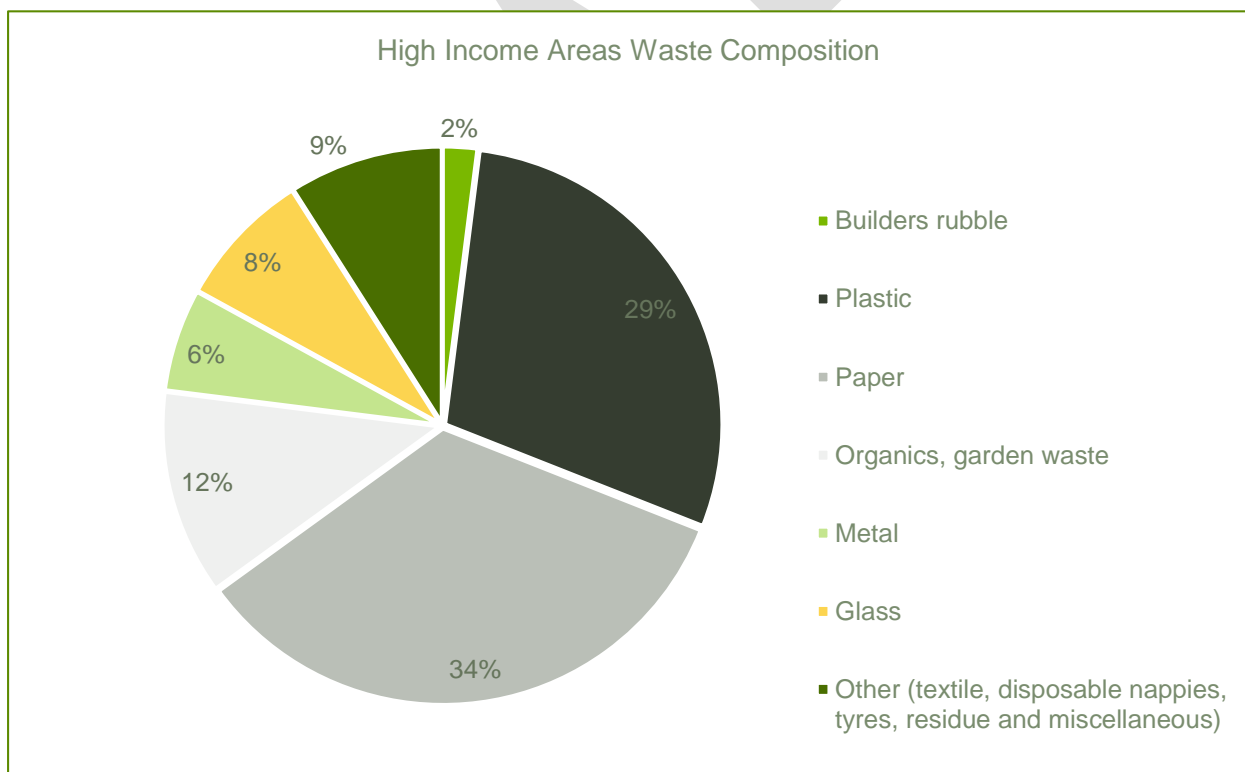


Figure 7: Waste Composition for high income area

The Saldanha Bay Municipal area produces 1 111 tons of solid waste per week, which is from approximately 30 000 service points. The solid waste is transported to the Vredenburg Landfill Site for disposal (Saldanha Bay IDP; 2012-2017).

2.4 Specific Waste Stream

2.4.1 Healthcare risk waste

Waste from healthcare facilities is classified in different hazardous ratings (HR 1-4) and in different waste streams. These streams are required to be packaged, labelled, handled, stored and treated according to their level of hazard in order to create a safe and environmentally sound healthcare waste management system. Hazardous healthcare waste which can be found in every healthcare facility is the infectious waste, including sharp waste. HCRW is generated at the clinics and hospitals in the municipal area.

2.4.2 Hazardous Waste

Hazardous waste can be defined as waste that may have a detrimental effect on public health and is categorised according to the degree at which it might cause harm. SABS CODE 0228 classifies hazardous waste as:

- Class 1 – explosives
- Class 2 – gases
- Class 3 – flammable liquids
- Class 4 – flammable solids
- Class 5 – oxidising substances and organic peroxides
- Class 6 – toxic and infectious substances
- Class 7 – radioactive substances
- Class 8 – corrosives
- Class 9 – other miscellaneous substances

Hazardous waste in the municipality can be produced mainly by industries, healthcare facilities and farming activities. The SBM does not currently have record of hazardous waste generated within its boundaries.

The guideline for the development of integrated waste management plans is based on the National Waste Management Strategy (2001) and indicates that a local municipal IWMP must only cover hazardous domestic waste in detail. Framework planning for hazardous industrial waste, agricultural and forestry waste (pesticides), medical waste, mining waste, power station waste, radioactive medical waste and radioactive mining waste will be done at provincial level. The National Waste Management Strategy (2011) requires provincial environmental departments to produce integrated hazardous waste management plans.

2.5 Waste Recycling, Treatment and Disposal

This section describes the status quo of waste disposal facilities; treatment facilities; recyclers; illegal dumping; garden; and builder's rubble waste.

2.5.1 Status Quo of Waste Recyclers

There are numerous companies that are active in recycling activities within SBM. The municipality currently does not have information about their collection procedures or recycling volumes but aims to incorporate data obtained from recyclers into the strategic plan.

There are also informal recyclers that visit the landfill sites daily to reclaim recyclable material. They only recycle specific material depending on the available market. There are currently 30 reclaimers on Vredenburg landfill site and 15 on Langebaan landfill site.

2.5.2 Status Quo of Waste Disposal Facilities


2.5.2.1 Langebaan landfill site

The Langebaan landfill site is located approximately 2.7km North East of the Langebaan town. The landfill site is a Class G:S:B⁻ waste disposal site in terms of Section 20 of the Environment Conservation Act (Act 73 of 1989), permitted by the Department of Water Affairs and Forestry on 4 March 1998. Table 5 provides a summary of pertinent information related to the Langebaan landfill site.



Figure 8: Langebaan Landfill site

Table 5: Langebaan Landfill site details

Item (from Minimum requirements (DWAf, 1998))	Landfill Site Particulars
Position of site	S33°03'42.05" E18°04'45.84"
License to operate	License number: 16/2/7/G100/D88/Z1/P293
Year issued	1996
Classification of site	G:S:B ⁻ 
Life span	Unknown
Expected year of closure	Unknown
Type of operation	Cell method
Size	Unknown
Airspace available	Unknown
Cover material available	Excess builders' rubble
Operated	SBM
Regulatory compliance	Yes
Daily Cover	Waste is covered daily

Item (from Minimum requirements (DWAF, 1998))	Landfill Site Particulars
Access control	No
Buffer	Not compliant
Type of equipment	Case Front End Loader and Ford Ranger Bakkie
Ablution facilities	Compliant
Guardhouse	Compliant
Storm water management	No
Leachate management	No.
Record keeping	Compliant
Signage	Compliant
Recycling	Yes, not formalised

2.5.2.2 Vredenburg Landfill site

The Vredenburg landfill site is located approximately 3km South East of the Vredenburg town. The landfill site is a Class G:M:B waste disposal site in terms of Section 20 of the Environment Conservation Act (Act 73 of 1989), permitted by the Department of Water Affairs and Forestry in 1995. Table 6 provides a summary of pertinent information related to the Vredenburg landfill site.



Figure 9: Vredenburg landfill site

Table 6: Vredenburg landfill site details

Item (from Minimum requirements (DWAF, 1998))	Landfill Site Particulars
Position of site	S32°55'08.67" E18°03'02.14"
License to operate	License number: 16/2/7/G100/D53/Z1/P272
Year issued	1995
Classification of site	G:M:B-
Life span	3 years
Expected year of closure	2020
Type of operation	Cell method
Size	14ha
Airspace available	180 000m ³
Cover material available	yes
Operated	SBM
Regulatory compliance	Yes
Daily Cover	Waste partially covered daily
Access control	Compliant
Buffer	Compliant
Type of equipment	2 Front End Loaders and 1 tipper truck
Ablution facilities	Compliant
Guardhouse	Compliant
Storm water management	Partially compliant
Leachate management	No.
Record keeping	Compliant
Signage	Compliant
Recycling	Informal recycling

2.5.2.3 Closed landfill sites

The Kalkrug landfill site is closed and a closure permit is issued, rehabilitation of the landfill site has not yet commenced as required in the license conditions. The Hopefield landfill site has been closed but a closure license has not been issued.

2.5.2.4 Vredenburg Material recycling centre (MRF)

Vredenburg MRF is situated at the entrance of the Vredenburg landfill site. The municipality appointed Wastegro through a tender process to operate the MRF, the service provider will commence with the operations during March 2016.

The MRF is equipped with a sorting conveyor belt and two balers.

2.5.2.5 Hopefield waste transfer station

The Hopefield waste transfer station, situated on the outskirts of Hopefield on the R45 (33°03'45.23"; 18°21'30.92"E). The site is open daily from 08:00 – 18: 00 Mondays to Saturdays and 09:00 – 13:00 on Sundays. There is seven 6m³ skips available to dispose waste in.

Community members bring their waste directly to the transfer station and dispose their waste directly into skips. Full skips are taken to the landfill site where waste is disposed at Vredenburg landfill site. Security guards are available to ensure that waste is disposed of properly during the day and night.



Figure 10: Hopefield waste transfer station

2.5.2.6 Diazville waste transfer station

The Diazville waste transfer station, situated on the outskirts of Diazville on the Diaz road (33°00'34.83"; 17°54'19.66"E). The site is open daily from 08:00 – 18:00 Mondays to Saturdays and 09:00 – 13:00 on Sundays. There is four 6m³ skips available to dispose waste in.

Community members bring their waste directly to the transfer station and dispose their waste directly into skips. Full skips are taken to the landfill site where waste is disposed at Vredenburg landfill site. Security guards are available to ensure that waste is disposed of properly during the day and night.



Figure 11: Diazville waste transfer station

2.5.2.7 Kalkrug waste transfer station

The Kalkrug waste transfer station, situated in Saldanha Bay Town on the Silverman Avenue (33°00'32.69"; 17°56'05.91"E). The site is open daily from 08:00 – 18:00 Mondays to Saturdays and 09:00 – 13:00 on Sundays. There is three 6m³ skips available to dispose waste in.

Community members bring their waste directly to the transfer station and dispose their waste directly into skips. Full skips are taken to the landfill site where waste is disposed at Vredenburg landfill site. No security guards are available due to the fact that the transfer station borders other council services.

2.5.2.8 Kalkrug waste transfer station



Figure 12: Kalkrug waste transfer station

2.5.2.9 Laingville waste transfer station

The Laingville waste transfer station, situated on the outskirts of Laingville on Tontelblom street (32°47'09.45"; 18°04'22.91"E). The site is open daily from 08:00 – 18:00 Mondays to Saturdays and 09:00 – 13:00 on Sundays. There is six 6m³ skips available to dispose waste in.

Community members bring their waste directly to the transfer station and dispose their waste directly into skips. Full skips are taken to the landfill site where waste is disposed at Vredenburg landfill site. No security is available to assist with illegal activities at this waste transfer station.



Figure 13: Laingville waste transfer station

2.5.3 Status Quo of illegal dumping (Bulk cleansing)

Several areas on the outskirts of informal settlements have been identified as illegal dumping areas in the municipality. General waste, builder's rubble and garden waste are waste types illegally dumped. SBM removes illegally dumped waste when required at additional expense. This is a big problem because areas where illegal dumping takes place receive waste management services and cleaning up waste is costly and requires additional manpower.

The Municipality must address illegal dumping by enforcing the By-Laws and imposing fines. Illegal dumping is prominent in informal settlements. In order to address the problem of illegal dumping, an

awareness campaign should be initiated. The objective of this campaign is to make the communities aware of health and environmental impacts of illegal dumping. A programme has been implemented to address illegal dumping, Table 7.

Table 7: Open spaces cleaning programme

Open spaces cleaning programme	
January 2016	
04 tot 15	Laingville
18 tot 29	Vredenburg
February 2016	
01 tot 05	Vredenburg
08 tot 12	Vredenburg
15 tot 19	Laingville
22 tot 26	Saldanha
March 2016	
29 tot 04	Paternoster & Emercencies
07 tot 12	Vredenburg
14 tot 18	Laingville
22 tot 24	St Helenabaai
29 tot 01	Vredenburg
April 2016	
04 tot 08	Laingville
11 tot 15	Saldanha
18 tot 22	Paternoster & Emercencies
25 tot 29	Vredenburg
May 2016	
03 tot 06	Laingville
09 tot 13	Saldanha
16 tot 20	Hopefield & Langebaan
23 tot 27	Paternoster & Emercencies
30 tot 03	Vredenburg
June 2016	
06 tot 10	Laingville
13 tot 17	Saldanha
20 tot 24	Vredenburg
27 tot 01	Laingville

SBM has embarked on Waste Management Programmes, with the view to changing the mind-set and behavioural practices of all the communities through the Expanded Public Works Programme (EPWP).

2.5.4 Status Quo of Garden Waste and Builder's Rubble

The municipality has four transfer stations where residents can dispose their garden waste in skips. Full skips are transported to the Vredenburg landfill site for disposal. Businesses involved in garden services are not allowed to dispose their waste at the transfer station; they must take the waste directly to the landfill site.

Waste volumes generated per transfer station

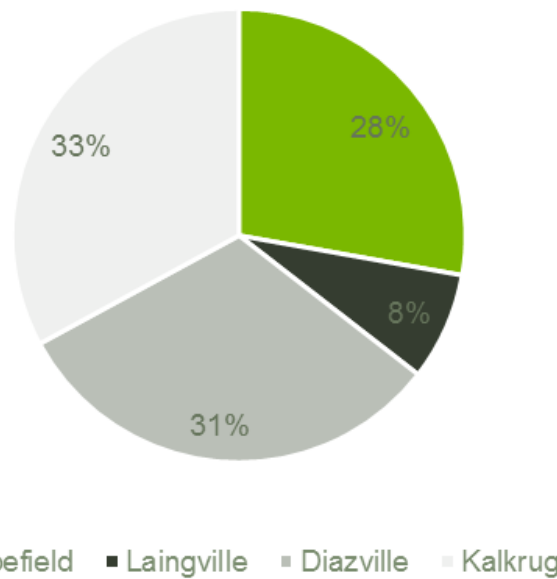


Figure 14: Waste volumes generated per transfer station

2.6 Status of Waste Collection Services

Waste collection services are provided in all wards to a total of 32 377 households and 10 623 other service points (comprising businesses; estates; small holdings, flats, townhouses and public institutions). Waste collection takes place daily (in the CBD, schools, businesses, hotels, hospital, flats; and filling stations) and weekly for households. SBM is ranked number one in South Africa for providing refuse removal services, see Table 8.

Table 8: Waste services within SBM¹⁰

Refuse Disposal	Percentage
Removed by local authority/private company at least once a week	96,6%
Removed by local authority/private company less often	0,5%
Communal refuse dump	0,2%
Own refuse dump	2,1%
No rubbish disposal	0,4%
Other	0,2%

¹⁰ Statssa 2011

2.6.1 Waste Removal

The estimated number of households in the Municipality is 29 951, the municipality collects waste from 96% of the households. Table 8 above illustrates how waste removal is handled in the area. According to Stats SA, (2011) 97.1% of households did receive a collection service by the local authority/private company and less than 3% have no access to household waste removal services.

The Municipality offers a high level access to waste management in the urban areas. SBM is divided in to different service areas, see Table 9. Households are provided with 240l wheelie bins and instructed place their bins on the day of collection on the kerbside or demarcated area for collection as per a specific refuse collection programme. Compactors are used to collect the waste.

MSW collected in all the towns is disposed of at the Vredenburg landfill site. Garden waste and builder's rubble removal are also disposed of at the landfill sites and the waste transfer stations.

Table 9: Collection areas within SBM

Collection areas				
Monday	Tuesday	Wednesday	Thursday	Friday
<ul style="list-style-type: none"> • Vredenburg South • Louwville • Louwville North 	<ul style="list-style-type: none"> • Jacobsbaai • Middelpoos • Diazville • Diazville West • RDP Area • White City • Saldanha Town • Blue Water Bay 	<ul style="list-style-type: none"> • Langebaan 	<ul style="list-style-type: none"> • Paternoster • Laingville • St Helena Bay 	<ul style="list-style-type: none"> • Hopefield • Koperfontein • Langebaanweg • Vredenburg North • Langebaan Airforce Base • Green Village • Witklip

The distances from Vredenburg town to other SBM towns are indicated in Figure 15 below.



Figure 15: Distances from Vredenburg town to other SBM towns

2.7 Reporting on the South African Waste Information System (SAWIS)

The SBM is reporting to the Western Province, Integrated Pollution Waste Information System, the waste categories reported on are MSW, Construction and demolition waste and garden waste for both landfill sites on a monthly basis.

2.8 Waste Management Financing

2.8.1 MIG and/ or Capital Projects

The major Medium term infrastructure development (MTREF) development objectives for waste management in the municipality can be summarised as follows:

Table 10: Capital budget

Capital budget		
2015/2016	2016/2017	2017/2018
3 500 000	10 000 000	5 000 000

Main projects affected is the Vredenburg landfill site extension and the Langebaan landfill site closure and rehabilitation.

2.8.2 Operating budget: Refuse removal

Waste Management Services are budgeted for, below shows that the waste management department operated at a surplus for the 2014/2015 financial year and will be operating at a deficit for the next two financial years budgeted for.

2.8.2.1 Refuse removal

Table 11: Refuse removal budget

Operating budget			
	Actual Expenditure/Income 2014/2015	Adjusted budget 2015/16	Provisional budget 2016/17
Expenditure	R 53,122,098.00	R 59,968,782.00	R 61,345,970.00
Revenue	R 34,019,118.00	R 35,522,169.00	R 33,124,740.00
Surplus/Deficit	-R 19,102,980.00	-R 24,446,613.00	-R 28,221,230.00

2.8.2.2 Landfill sites

Table 12: Landfill sites budget

Operating budget			
	Actual Expenditure/Income 2014/2015	Adjusted budget 2015/16	Provisional budget 2016/17
Expenditure	R 956,650.00	R 750,990.00	R 862,330.00
Revenue	R 30,535,954.00	R 20,224,987.00	R 17,376,290.00
Surplus/Deficit	R 29,579,304.00	R 19,473,997.00	R 16,513,960.00

2.8.2.3 Total

Table 13: Total budget

Operating budget			
	Actual Expenditure/Income 2014/2015	Adjusted budget 2015/16	Provisional budget 2016/17
Expenditure	R 54,078,748.00	R 60,719,772.00	R 62,208,300.00
Revenue	R 64,555,072.00	R 55,747,156.00	R 50,501,030.00
Surplus/Deficit	R 10,476,324.00	-R 4,972,616.00	-R 11,707,270.00

2.8.3 Tariff Structure



Table 14: Approved refuse removal tariffs for 2015/16

TARIFFS (WITHIN MUNICIPAL AREA)	
Financial year	2015/16
Percentage increase	12%
Vat excluded	R
The following monthly fee is payable in respect of the collection, removal and disposal of garbage	
Single Residential Sites	
For removal of 0.240m ³ once a week	145.30
Business and industrial premises	
For the removal of 0.240m ³ (240 litres) once a week	148.50
For the removal of 0.240m ³ (240 litres) twice a week	224.4
For the removal of 0.240m ³ (240 litres) three times a week	297.10
For the removal of 6m ³ (240 litres) per removal	1349.20
Additional fee if services during after hours, public holidays, Saturdays and Sundays are requested and rendered (optional)	262.30
Other sites	
For special collections of 0.240m ³ (240 litres) once a week	148.50
SPECIAL REMOVALS	
For special collections per 0.240m ³ (240 litres) or part thereof per removal	297.10
Special containers	
The use of special containers must, after consultation with the consumer, be approved by the relevant departments. The tariff for such containers shall be determined by the conversion of the content in terms of standard containers and taking into account the related additional expenses.	
Amusement parks, circuses and similar entertainment businesses	
For removal per 0.240m ³ , or part thereof	297.10
For rent 6 m ³ skip, no removal per day	262.30
For removal 6m ³ skip	1416.60
Garden refuse removal	
Garden waste which is put into mobile garbage bin, with household refuse	No charge
Additional refuse per load paid in advance	366.60
OTHER REMOVALS	
Vehicle wrecks	
Request by the occupier for the removal of car wrecks payable in advance	366.60
Building rubble	
Removal of 6m ³ skip per removal	1349.20
Hiring of 6m ³ skip per day	262.30
Dumping of used tyres (Per tyre)	
Car and LDV tyres up to 17"	5.90
Truck tyres	14.60
Tractor and other extremely large tyrews	58.10
Cape Education Department Schools	
5% discount on the tariff under the category Other sites: Removal of 240 litres once a week	
Langebaanweg	
For removal of .0240m ³ once a week by mobile container system	195.90
Availability charges for vacant erven	
Tariff per month	54.00

TARIFFS (WITHIN MUNICIPAL AREA)	
Financial year	2015/16
Percentage increase	12%
Vat excluded	R
Tariff per annum	648.00
Waste Disposal sites	
The following tariffs will be applicable to Contractors, Industries, businesses and any person outside the council's jurisdiction (Per Load)	
Light delivery vehicle	Free
Light delivery vehicle and trailer	Free
Truck with single axle	175.50
Truck with single axle and trailer	219.30
Truck with double axle	307.10
Truck with double axles and trailer	394.80
Dumping of refuse coming from residential areas are free subject to the following:	
An SBM service account must be presented. The consumer must be an owner, occupier or a contractor hired by Owner/Occupier. That soil excavation and manageable waste rubble that is used for cover material may be dumped on specific areas free of charge. If a contractor has been appointed then it will become his responsibility	
DEPOSITS	
The deposits paid by consumers, (excluding the rural consumers from the RSC) an amount equal to the levy, for two months' consumption based on the actual or anticipated consumption, subject to a minimum of:	
Households	291.00
Businesses/ Other sites	449.00
Industrial Premises/Special Removals	595.00
Skips	2699.00

2.9 Organisational and Institutional Matters

Waste Management Division falls under the Directorate Engineering and Planning Services. Mr David Wright is appointed as the Waste Management Officer as required in terms of NEWMA. The Waste Management Officer (WMO) designated in terms of Section 10 (3) of NEMWA, is responsible for ensuring that the dedicated waste management staff and the services provided by these staff meet the requirements of the Policy and are compliant with the legislation of South Africa. The WMO is also responsible for the coordination of waste management activities to ensure integration. It is the responsibility of all staff to adhere to all relevant legislation, including the IWM Policy, and this IWMP.

Expanded Public Work Programme (EPWP) workers have also been deployed on a temporary basis to assist with waste management activities.

The Council of SBM has reviewed and amended its organisational structure in 2013¹¹, to effectively and efficiently deliver services in line with the overarching Key Performance Areas and Strategic Objectives of the organisation.

¹¹ IDP 2012 – 2017 Revision 3 2015/2016

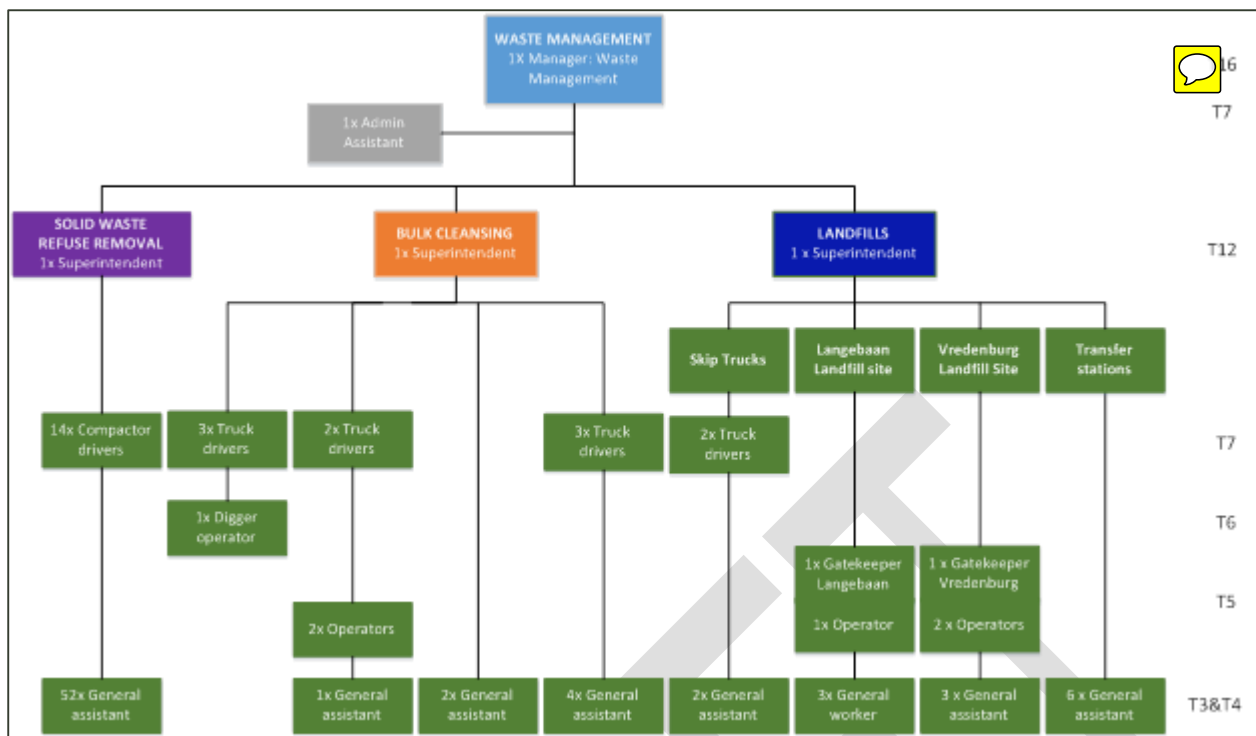


Figure 16: SBM Organisational structure

To render effective waste management services a gap have been identified between the manager and the operational level to assist with waste management operations. A post of Technician: Solid Waste Operations on a T14 level is required to fill this gap. Bulk cleansing has a shortage in personnel as the 3 tipper trucks, digger loader and bobcat has only 1 funded position with the rest being unfunded vacant positions.

No provision was made for law enforcement activities on the organisational structure.

2.10 Equipment

2.10.1 Fleet used for refuse collection

Registration Number	Make	Vehicle Description	Age	Condition
CFG11085	Nissan	Compactors	16 years	Poor
CFG23683	Nissan	Compactors	7 years	Good
CFG9375	Nissan	Compactors	2 years	Good
CFG22616	Mercedes Benz	Compactors	2 years	Good
CFG27649	Mercedes Benz	Compactors	2 years	Good
CFG18569	Nissan	Compactors	12 years	Poor

Registration Number	Make	Vehicle Description	Age	Condition
CFG33020	Isuzu	Compactors	1 year	New
CFG3313	Nissan	Compactors	4 years	Good
CFG14590	Nissan	Compactors	14 years	Poor
CFG30686	Mercedes Benz	Compactors	2 years	Good
CFG24263	Nissan	Compactors	10 years	Poor
CFG5948	Nissan	Compactors	18 years	Poor
CFG11573	Nissan	Compactors	8 years	Poor
CFG37600	Nissan	Compactors	4 years	Good
CR3611	Nissan	Compactors	17 years	Poor
CFG21514	Ford Ranger	Bakkie	2 years	Good
CFG14694	Ford Bantam	Bakkie	8 years	Operational
CFG	Nissan	Bakkie	4 years	Good

2.10.2 Fleet used for Landfill sites

Registration Number	Make	Vehicle Description	Age	Condition
-	Bell	Landfill Compactor	5 years	Operational
CFG 31607	Bell	Loader	2 years	Good
CFG 17192	Nissan NP300	Bakkie	4 years	Operational
CFG 18352	Case	Front End Loader	11 years	Poor
CFG 8791	Ford	Bakkie	15 years	Operational
CFG 13925	Mercedes Benz	Skip Truck	1.5 years	Good
CFG 13340	Mercedes Benz	Skip Truck	1.5 years	Good
CFG 27301	Ford Ranger	Bakkie	2 years	Good
-	Aurora: H20DE	Baler	1 year	Good

Registration Number	Make	Vehicle Description	Age	Condition
-	BH20D Bulkmatic	Baler	2.5 years	Good
CFG 15255	UD 85	Tipper truck	6 years	Operational

2.10.3 Fleet used for transfer stations

Registration Number	Make	Vehicle Description	Age	Condition
CFG 13340	Mercedes Benz	Skip truck	1.5 years	Good
CFG 13925	Mercedes Benz	Skip truck	1.5 years	Operational
CFG 19788	Nissan	Grab Truck	8 years	Poor
CFG 88305	Nissan	Grab truck	5 years	Operational

2.10.4 Fleet used for cleansing operations

Registration Number	Make	Vehicle Description	Age	Condition
CFG25621	Isuzu	Tipper trucks		New
CFG2597	Nissan	Tipper trucks		Good
CFG2522	Nissan	Tipper trucks		Good
CFG5305	Nissan	Grab trucks		Good
CFG19788	Nissan	Grab trucks		Good
CFG22546	Nissan	Skip trucks		Operational
CFG14412	Nissan	Skip trucks		Good
CFG11647	Ford Ranger	Bakkie		New
CFG27193	Ford Ranger	Bakkie		New
CFG11656	John Deere	Tractor		Good
-	BC100XL	Chipper		New

NOTE: The condition of vehicles is based on subjective assessment and not mechanical assessment.

Vehicles aged between 8 and 18 years are in a poor condition. A replacement plan should be developed for these vehicles.

2.11 Other Waste Management Systems and Practices

2.11.1 Existing waste avoidance in SBM

Communities are educated about and encouraged to avoid generating waste. The Municipality uses EPWP to conduct education campaigns in communities highlighting waste management issues in the community and encouraging community members to avoid generating waste.

2.11.2 Waste minimisation strategies

The majority waste minimisation strategies within the municipality are private initiatives; the municipality appointed Wastegro through a tender process to operate the MRF, the service provider will commence with the operations during March 2016. Langeberg town are also separating waste at source. Recyclable waste is collected by informal recyclers/re-claimers at the landfill sites daily.

2.11.3 Waste Reduction

The municipality encourages communities to reduce their waste through education campaigns through the EPWP workers that have been employed.

2.11.4 Composting

There are no formal composting activities currently taking place. The municipality is investigating options for developing a composting plant. The plan is to compost garden refuse instead of disposing it at the landfill site. A private company Magic organic is a private initiative currently producing compost from garden waste. SBM chip garden waste for use of mulch at the Vredenburg landfill site.

2.11.5 Alternative waste treatment initiatives

SBM is currently in negotiations with West Coast Power Solutions.

2.11.6 Public cleansing

Public cleansing involves the cleansing of streets (gutters and kerbs) and open spaces (government and municipal property). The function is currently the responsibility of Community Services department.

2.11.7 Awareness and education

The municipality uses services workers employed through the EPWP to raise public awareness and education about waste management issues in the municipality. The workers have been involved in conducting surveys required by waste management services, educating communities about waste and responsible disposal of waste and organising events for the annual environmental calendar.

A quarterly awareness bulletin is issued in the local Weslander newspaper with regards to littering and recycling.

2.12 Goals and Objectives from the 2nd (2011) IWMP

In the 2011 IWMP goals for improved waste management service delivery were set and recommendations on how to achieve the goal were made. Table 15 below presents a summary of the objectives and status of implementation.

Table 15: Implementation plan 2011

Implementation plan 2011	
Action	Status
Public and awareness campaigns	EPWP utilised to inform and educate the public specifically the informal settlements.
Quantifying prevention	A waste information system has been implemented. A GIS need to be populated and maintained.
Post collection services	A service provider is appointed to operate the MRF.
Post collection composting	A feasibility study need to be undertaken
Engineered waste disposal facilities	Additional area is identified for the expansion of the Vredenburg landfill site
Monitoring of the waste disposal	All waste destined for disposal are monitored for compliance SBM disposal facilities
Collection service review	Waste collection services are continuously reviewed to make sure it is efficient and value for money.
Data compilation	Volumes are recorded at the Vredenburg landfill site.
	A Weigh pad have been installed at the Langebaan landfill site.
Cleansing	Community services is responsible for street cleansing.
	SBM attend to illegal dumping as and when required and hot spots are cleaned on regular basis per program

3 GAPS

The following gaps were identified in the SBM:

- Bulk cleansing has a shortage in personnel as the 3 tipper trucks, digger loader and bobcat has only 1 funded position with the rest being unfunded vacant positions.
- The Municipality must address illegal dumping by enforcing the By-Laws.
- Building rubble is not formally addressed.
- There are no formal composting activities currently taking place.
- Vehicles aged between 8 and 18 years are in a poor condition.
- The Kalkrug landfill site is closed and a closure license was issued, rehabilitation of the landfill site has not yet commenced as required in the licensee conditions.
- The Hopefield landfill site has been closed but a closure license has not been issued.
- Bulk cleansing has a shortage in personnel as the 3 tipper trucks, digger loader and bobcat has only 1 funded position with the rest being unfunded vacant positions.
- No provision was made for law enforcement activities on the organisational structure.
- A gap have been identified between the manager and the operational level to assist with waste management operations.



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Swaziland, Tanzania, Thailand, Uganda,
United Arab Emirates, Vietnam, Zimbabwe.



Saldanha Bay Municipality

Long Term Financial Plan: 2015/16 - 2025/26

DRAFT VERSION 1



Prepared by
INCA Portfolio Managers
February 2016

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EXECUTIVE SUMMARY

*..... Ours is the land of the wide West Coast wonder
where cosy bays cluster to beaches down yonder,
where the folks are awaiting you with a smile
to welcome you in unique West Coast style*

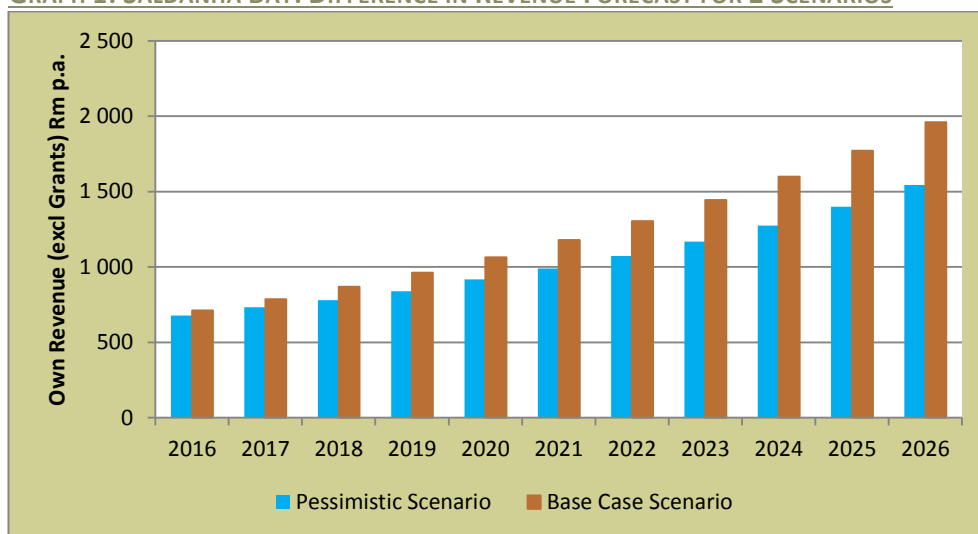
Esta Steyn¹

1. The outcome of this assignment makes a contribution towards the long term financial plan of the Saldanha Bay Municipality ("SBM"). This proposed plan is submitted to the municipality for its consideration and adoption. A proposed Financial Plan, which feeds off the information contained in this report, is included in Annexure 1 of this report. The plan in Annexure 1 could conceivably be incorporated into the Integrated Development Plan of the Municipality.
2. The Independent Financial Assessment of SBM was prepared by INCA Portfolio Managers with the audited financial statements for the past 10 years up to FYE2015 and this report is attached as Annexure 2. The report also includes a summary of the latest available information on demography, economy and household infrastructure of Saldanha Bay.
3. We have reviewed the Integrated Development Plan ("IDP") and other documents of the municipality and conducted interviews with the directors of the municipality. This was done with the purpose of identifying material matters that could impact on the long term financial sustainability of the municipality as well as inform proposals regarding future strategies to pursue.
4. We modelled the municipality's cash needs against the revenues it can expect to generate based on the economy and population of the sub-region, in an attempt to determine the affordability of future capital expenses. In particular we attempted a quantification of the impact of the development of the Saldanha Bay IDZ.
5. We estimate that in the **Base Case Scenario**, which is aligned to the Low to Medium IDZ scenarios, the municipality will, over the planning period from 2015/16 to 2025/26, generate cash from operations after debt service of R 1 261 million and will be able to invest in a capital programme of R 3 666 million.

¹ Esta Steyn – Storieskepper; <http://estasteyn.co.za>

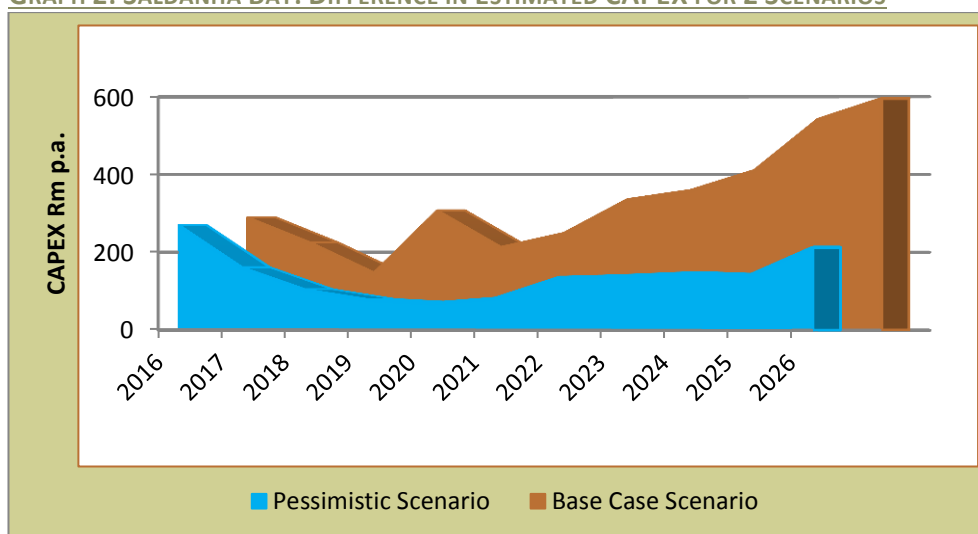
6. A number of scenarios are assessed in this report. Suffice it to highlight that in the **Pessimistic Scenario**, in which the IDZ development will not proceed during the planning period and Saldanha Steel will be mothballed by 2018 the cash generated from operations after debt service is R 423 million and the capital programme of R 1 537 million can be afforded.
7. The difference in Revenue (excluding all Grants) that is estimated to be generated for these two scenarios is illustrated in the Graph below:

GRAPH 1: SALDANHA BAY: DIFFERENCE IN REVENUE FORECAST FOR 2 SCENARIOS



8. The difference in estimated Capital Expenditure for the two scenarios is illustrated below:

GRAPH 2: SALDANHA BAY: DIFFERENCE IN ESTIMATED CAPEX FOR 2 SCENARIOS



9. After the completion of the independent financial assessment we conclude as follows:

- 9.1. The population in Saldanha Bay is in excess of 105 000 and growing at a high 2.2% p.a. which places a burden on the municipality to provide infrastructure and services, especially in the light of low average economic growth rate of 0.2% p.a. since 2008. This is also evidenced by the high unemployment rate of 28.6% and employment levels that have not yet reached the pre-2008 levels. Whereas the Manufacturing sector is the single largest sector, contributing 28% to the economy and employing more than 7 000 people, concern about the sustainability of the steel industry dampens the future economic outlook of the region.
- 9.2. The regional economy and the ability of households to pay for services delivered by the municipality, rates Saldanha Bay as a “High” risk on INCA’s Municipal Revenue Risk Indicator scale. There is a high risk that the municipality will, due to the economy and demography, not be able to generate sufficient own revenue. This is a reflection of the current environment in which the municipality operates and not the management of SBM and also does not consider future structural changes that would improve the environment.
- 9.3. The Infrastructure Index for Saldanha Bay is a high 0.91, evidence of the relatively high level of service infrastructure provided by the municipality. The percentage of households with access to a level of service of RDP or higher is higher than the percentage of households with income above R30 000 p.a. This gap may result in household affordability concerns in future.
- 9.4. Good Cash Flow Management has ensured robust Liquidity Levels for SBM in FYE2006 to FYE2015. Current Assets and Current Liabilities showed a very strong current ratio of 3.9x in FYE2015. The cash available to cover short term obligations is adequate. However, due to the municipality’s historic capital funding mix, the Capital Replacement Reserve (“CRR”) decreased substantially to R 77 million in FYE2015, from a peak of R 278 million in FYE2012.
- 9.5. Gross Consumer Debtors grew by an annual average growth rate of 21% throughout the 10 year period under review but revenue collection at 98% in FYE2015 is showing encouraging signs.
- 9.6. Electricity Services (28%), Property Rates (21%) and Water Services (16%) are the main revenue drivers of SBM. It follows that the associated service provision by the municipality should be efficient with the view of maintaining crucial Operating Surplus Margins. In this instance, we note positively that both Electricity and Water Losses were kept within the National Treasury norms in FYE2015.
- 9.7. SBM’s largest expense is Staff Costs, including Councillor Remunerations and averaged 34% of Total Expenditure in the last two financial years ending 30 June

2015. The ratio is still within the National Treasury norm of 25% – 40%. Being the highest expenditure item, any efficiency gains in the management of the human capital - would benefit the overall financial performance of SBM.

9.8. SBM would need to spend much more on Repairs & Maintenance to bring it up to 8% of the Carrying Amount of PPE, from 1% recorded in the last six financial years ending 30 June 2015.

9.9. SBM increased annual capex more than threefold to R 187 million in 2014/15. The Capital Investment program was largely financed by Own Funds (56%), complemented by Capital Grants (36%) and a limited utilisation of Borrowings (8%).

10. The Financial Strategies that the Municipality should pursue are presented in paragraph 14 of the main report. The Saldanha Bay unique and/or exceptional recommendations are summarised below:

10.1. Implement an Organisation Restructuring Study

Historic events contributed to structural changes in the organisation. Although it is acknowledged that these events gave rise to the need for intervention, the changes that were made are not necessarily viewed as efficient. It is recommended that an Organisation Restructuring Study is undertaken to very specifically address:

- The Area Management model and efficiencies in maintaining infrastructure
- Improvements to the housing delivery chain

10.2. Implement Resort Management Options

The municipality owns and operates seven holiday resorts which are not profitable. The losses quoted amount to between R6 and R9 million during the past two financial years. SBM commissioned Grant Thornton to investigate the management model at the resorts and they recommended different models for each resort. We recommend that the proposals made by Grant Thornton are given due consideration. As an alternative to the proposals made by Grant Thornton, consider involving the West Coast District Municipality in the management of the resorts.

10.3. Consider transferring the Hopefield old Age Facility

The operation and maintenance cost of the Old Age Home in Hopefield is a burden to the municipality. We recommend that the SBM investigate the feasibility of transferring the asset and operations to an FBO or NGO.

10.4. Investigate a PPP model for the provision of the Water Desalination Plant

The SBM is considering the construction of a water desalination plant with a first phase cost estimate of R500 million. This amount is sufficiently large to attract private parties to bid for a classical Public Private Partnership (“PPP”) concession, in which the municipality enters into a PPP Agreement with a Private Party to design, build, finance, operate, maintain and transfer the plant back to the municipality at the expiry of the concession period for an annual (“take-and-pay”) unitary fee similar to a bulk water purchase price. We recommend that a transaction advisor is appointed to investigate the feasibility and cost-benefit of this project delivery method. To this end the municipality is advised to approach the Infrastructure Investment Programme for South Africa (“IIPSA”), a grant funding programme to assist municipalities with project preparation, administered by the DBSA.

10.5. Plan for the augmentation of the Water and Energy Sources

The inadequate supply of water and energy to serve future developments is regarded as a high risk. We recommend that the master plans for the provision of these resources receive priority attention.

10.6. Improve the Coordination between the IDZ Development and the Municipal Infrastructure Provision

The pace of development of the IDZ is uncertain, but the Licensing Company is proceeding on the basis of certain assumptions and we recommend that the SBM align its provision of infrastructure to that of the IDZ development.

10.7. Enhance Potential Revenue

During the conversations with Management, various initiatives were identified that could potentially raise the municipality’s revenues. We recommend that the SBM investigate the following proposed initiatives for generating revenue:

- Introduction of a municipal court
- Advocate for a small surcharge on top of ESKOM’s electricity bill to large consumers be paid over to the SBM
- Introduce a surcharge on tariffs during peak holiday periods

- Increase the surcharge on basic tariffs which caters for the fixed cost element of tariffs and if required, reduce the surcharge on the variable element of the tariff

10.8. Save on Expenditure

Notwithstanding the fiscal discipline that ensured containment of expenditure within the realm of revenue streams in the past, with a consequent consistent posting of Accounting and Cash Operating Surplus, there is scope to investigate saving on the following expenditure items. Management identified the following:

- Move towards a paperless environment
- Improve effectiveness of security services
- Share training and development opportunities with other municipalities
- Reintroduce the project prioritisation model
- Expedite transfer of houses to avoid expenses, e.g. insurance
- Improve supervision and limit overtime payments
- Limit appointment of consultants if the in-house capacity exists

10.9. Improve Staff Productivity

The Salaries and Wages bill is a large expenditure item. Staff productivity, as expressed by Total Income/Staff Costs, has decreased to 3 in the last four years ending 30 June 2015, from 4 in the preceding financial years. We recommend that interventions at management and supervisory level are introduced to improve productivity and limit new appointments to critical positions only.

10.10. Adopt a Municipal Viability Framework

Healthy Liquidity is considered the key factor for effectively managing the financial viability of SBM in the longer term in conjunction with the necessary financial ratios against which to monitor actual performance. The framework provided in paragraph 13 presents ratios within which to manage liquidity, operational performance and external gearing. We recommend that the Municipality adopts the proposed Municipal Viability Framework in this report for quarterly reporting to Council.

10.11. Assess Condition of Assets

A review of the asset registers and based on the “Remaining Period” of useful life of these assets, indicates a large amount of R1.2 billion of assets was earmarked for replacement prior to 2016 but has not yet been replaced. We recommend that the asset registers are updated with an accurate assessment of the condition

of infrastructure asset components and that repair and maintenance plans and asset replacement strategies are devised to ensure optimal use of these assets.

10.12. Adjust Repairs and Maintenance Budget Upwards

Low levels of Repairs & Maintenance expenditure are inconsistent with Saldanha Bay's high level of Fixed Assets. We recommend that the Repairs and Maintenance Budget is gradually but consistently increased to reach the proposed 8% of carrying value of PPE in the longer term.

10.13. Improve the Balance of the Capital Funding Mix

Although it was financially afforded by the municipality - the historic aggressive Capital Investment program lacked Optimal & Balanced Funding. In the recent past little external financing was raised to the detriment of reducing the balance in the CRR considerably. We recommend that the SBM balance its capex funding substantially in line with the proposals in this financial plan.

10.14. Prioritise Financing of Asset Replacement from the CRR

The balance of the Capital Replacement Reserve is depleting fast. We recommend that the municipality annually funds its CRR in accordance with its policy (50% of the depreciation charge) and work towards transferring the full depreciation charge to a cash backed Capital Replacement Reserve. The SBM should avoid depleting its CRR in any given financial year, but use 50% of the prior year balance for assets that require replacement.

The SBM may want to limit external funding to the financing of new income generating assets. The SBM's policy on external gearing at a level of 25% is conservative but prudent.

10.15. Limit the Bridging of Government Transfers

Currently the municipality builds houses and claims the subsidy after completion of the construction. This impacts on the cash flow of the municipality and although one cannot be prescriptive in these matters we recommend that the SBM be alert and minimise such occurrences.

10.16. Improve estimates of Future Capital Contributions

If the IDZ is implemented as expected and associated residential and commercial developments follow, then the capital contributions from developers will become a significant funding source for future capital expenditure. We recommend that

the SBM attempt an accurate estimate of future bulk infrastructure requirements and capital contributions to be expected.

We also recommend that developers deposit their contribution (or least 50%) upon signature of the development agreement, before the municipality incurs any expenses to avoid the municipality being out of pocket.

10.17. Strengthen Credit Controls

The payment ratio was volatile during the past 10 years, and although the collection rate of 98% in FYE2015 is good, the municipality should explore means of improving credit control and debtor management approaches in future.

10.18. Review and Update Financial Policies

It is recommended that a detailed review and update redrafting of the financial policies be undertaken as a separate assignment due to the cross references between the different policies and to ensure that the set of policies used by Saldanha Bay Municipality reflect consistency and comprehensiveness which supports the LTFP of the municipality.

1. INTRODUCTION

- 1.1. This report is the outcome of an assignment undertaken by INCA Portfolio Managers (“INCA”) for the Saldanha Bay Municipality (“SBM”) pursuant to *Tender 111/15 Appointment of a Service Provider to Develop a Long Term Financial Plan for a Period of 10 Years, Starting from 1 July 2016 – 30 June 2026*, which was awarded on 4 December 2015.
- 1.2. In this assignment we have included a historic financial assessment of the municipality with the financial information up to 30 June 2015.
- 1.3. Based on a review of the IDP of SBM (*Integrated Development Plan 2012 - 2017: Revision 3 2015/16; Saldanha Bay Municipality*) and various other documents made available by the municipality as well as interviews with the management of the municipality we reflect on the capital investment requirements as well as proposed future strategies of the municipality. The capital demand, consisting of asset replacement costs (quantified pursuant to an analysis of the Asset Register) and new capital investments (quantified mainly with reference to existing backlogs and future estimated household formation), is evaluated against the capacity of the municipality to afford these future capital expenses. In the evaluation we estimate the potential future municipal revenues based on the economy and population of the sub-region. These revenues will in turn inform the funding mix that the municipality can access to finance its future capital needs.
- 1.4. With reference to SBM’s *“Specification for Long Term Financial Plan”* on which our tender proposal was based, we have addressed specific requests in the following paragraphs:

Consider IDP	: Entirety of this document
Impact of the Saldanha Bay IDZ	: Chapter 5
Analysis of historical financial information	: Annexure 2
Abridged audited financials	: Page 43 of Annexure 2
Level of external funding	: Chapter 11
Infrastructure replacement	: Chapter 9
Ratio analysis	: Page 44 of Annexure 2 and future estimated ratios in paragraph 12.9 and Annexure 3
Grant dependency of housing projects	: Chapter 6
Input on Financial Policies	: Annexure 6
Shadow credit rating	: Page 40 of Annexure 2
- 1.5. Our recommendations reflect the outcome of the studies in this report and material issues raised by management and make very specific proposals regarding the 10-year financial plan, financial strategies and policies to be adopted.

- 1.6. The following sources of information have been scrutinised and taken into consideration in the conclusion of the Independent Financial Analysis and the development of this Long Term Financial Plan:
- a. The audited financial statements for the years ending 30 June 2006 to 30 June 2015
 - b. The approved 2015/16 to 2017/18 MTREF (The Budget 2015/16)
 - c. Integrated Development Plan 2012 - 2017; Revision 3 - 2015/16; Saldanha Bay Municipality
 - d. Saldanha Bay IDZ Feasibility Study; Revision 1; Wesgro; 30 November 2011
 - e. Infrastructure and Growth Plan; Saldanha Bay Municipality Phase 1; Western Cape Government; 31/03/2015
 - f. Various other documents, including financial policies, asset registers, etc. provided by the municipality
 - g. Economic and demographic data extracted from IHS Global Insight's Regional Explorer

2. OBJECTIVES OF THE LONG TERM FINANCIAL PLAN

- 2.1. The purpose of a long term financial plan is to recommend strategies and policies that will maximise the probability of the municipality's financial sustainability into the future. This is achieved by predicting future cash flows and affordable capital expenditure based on the municipality's historic performance and the environment in which it operates.
- 2.2. The plan provides guidelines, within the context of an uncertain future, of what the municipality can afford. The plan does not prescribe what the municipality should implement.
- 2.3. A summary of this plan is drafted in a format that would allow ease of incorporation into the IDP of the municipality. See *Annexure 1: Saldanha Bay Long Term Financial Plan For Incorporation into the Integrated Development Plan*.
- 2.4. The process followed in reaching the objective of the Long Term Financial Plan is illustrated in the diagram below:

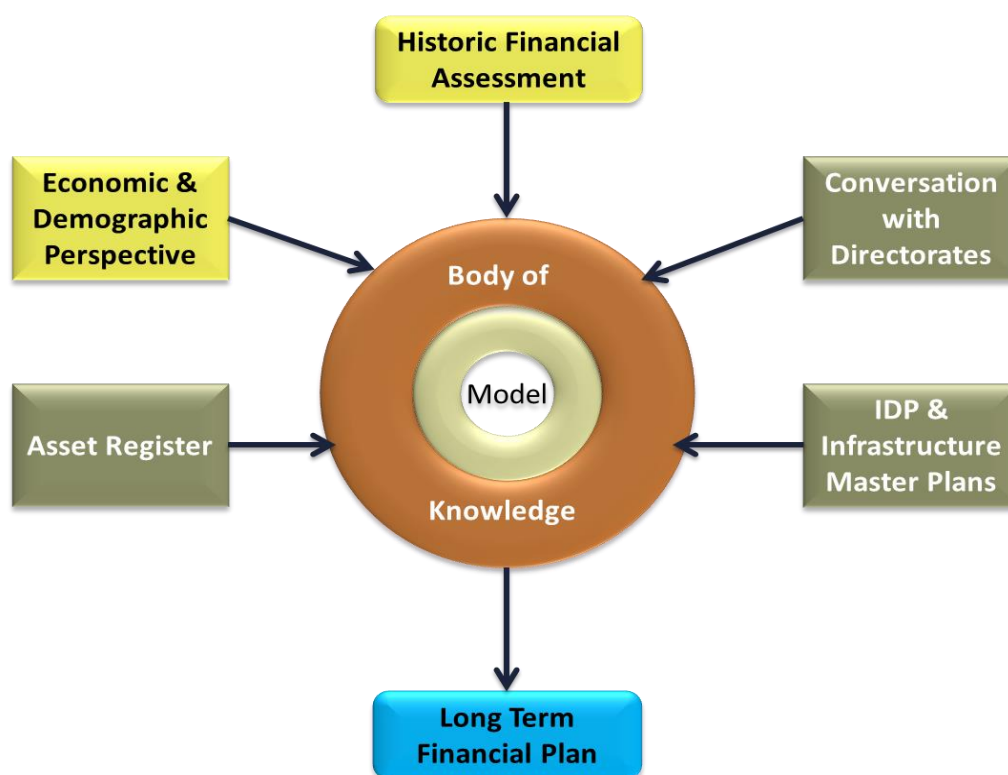


FIGURE 1: PLANNING PROCESS

3. PERSPECTIVE

- 3.1. An assessment of Saldanha Bay Municipality (SBM)'s historic financial performance for the period 2006 to 2015 is presented in more detail in Annexure 2: Independent Financial Assessment against the Background of the Municipality's Demographic, Economic & Household Infrastructure Situation, 2015/16.

Spatial & Demographic Perspective

- 3.2. SBM currently has a total estimated population of 105 000 people which represents 25% of the people living in the West Coast DM. Of the five municipalities in the District SBM's population is the second highest after Swartland.
- 3.3. SBM's current population growth rate of 2.2% is the second highest in the District.
- 3.4. SBM's annual per capita income is R 64 228 - the highest in the District.
- 3.5. The economic active population² in Saldanha Bay is 48.2% of the population. The official unemployment rate is 28.6%, which is the highest unemployment rate of the five municipalities in the District.

Economic Perspective

- 3.6. Saldanha Bay's total gross economic value add ("GVA"), which reflects the monetary value of the local economy is R 9.33 billion per annum in current prices or R 7.22 billion in constant (2010) prices with the following sectors making a contribution:

TABLE 1: SECTOR SHARE OF TOTAL: SALDANHA BAY

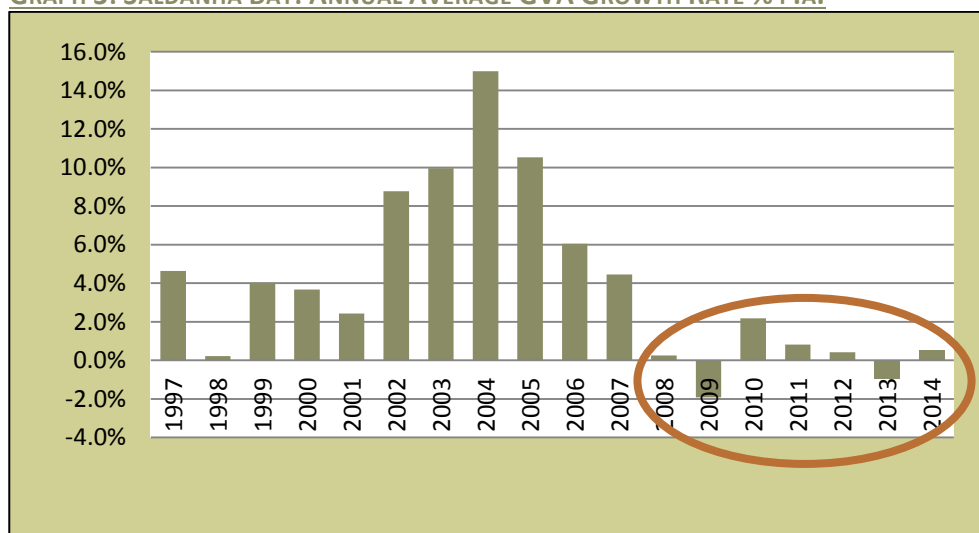
	2005	2014
1 Agriculture	9.7%	10.8%
2 Mining	0.8%	0.8%
3 Manufacturing	29.5%	27.7%
4 Utilities	1.3%	1.1%
5 Construction	5.2%	5.8%
6 Trade	8.8%	8.3%
7 Transport	18.4%	17.4%
8 Finance	10.3%	12.9%
9 Community services	16.1%	15.2%

- 3.7. The Manufacturing Sector makes the largest contribution of 28%. Manufacturing is followed by Transport currently contributing 17% and Community Services with 15%.

² Economically Active Population (EAP): The economically active population (EAP) is defined as the number of people who are able, willing and who are actively looking for, work and who are between the ages of 15 and 65. It thus includes both employed and unemployed people.

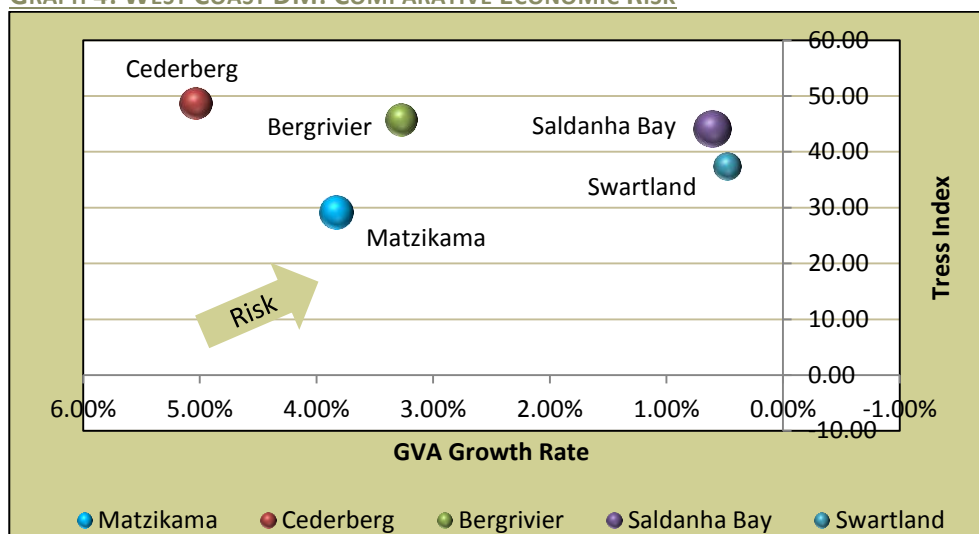
- 3.8. The Manufacturing sector employs 7 135 people and is the sector with the highest employment. Trade and Community Services with 6 775 and 5 405 employees respectively are also large employers. Between 2008 and 2011 employment has declined, but improved since then. The pre-2008 levels have however not been attained yet.
- 3.9. Currently the amount of spending related to tourism (leisure, business, people visiting family and friends and other) is in the order of R 1.2 billion per annum, which represents 17% of the GVA of Saldanha Bay. (This excludes any capital expenditure such as the construction of holiday homes).
- 3.10. The average annual GVA growth rate for the period since 1997 is 3.9% p.a., peaking at approximately 15% in 2004. The average growth rate since 2008, however, was much lower at a rate of 0.2% p.a.

GRAPH 3: SALDANHA BAY: ANNUAL AVERAGE GVA GROWTH RATE % P.A.

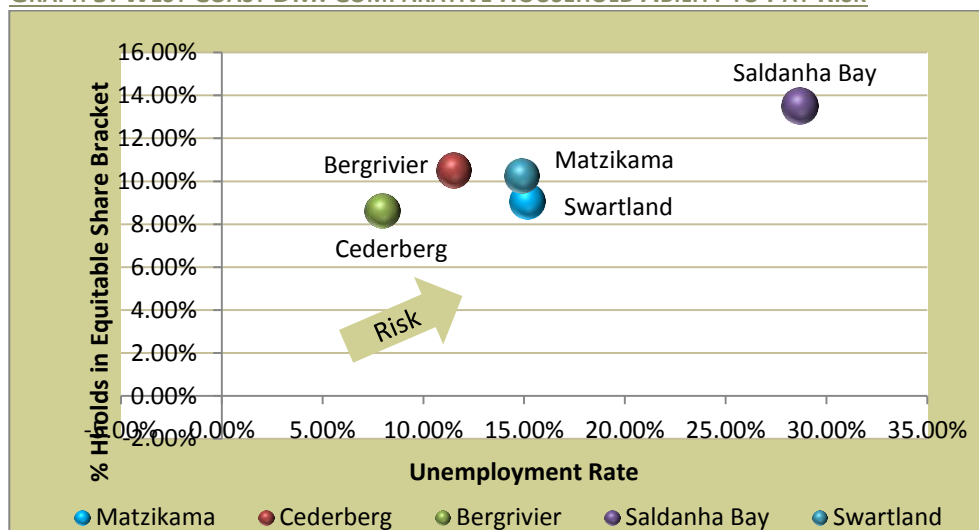


- 3.11. INCA has developed the Municipal Revenue Risk Indicator (“MRRI”), which measures the risk of a municipality to generate its own revenues. This risk is on the one hand a function of the economy (GVA, Tress Index and GVA growth rate) and on the other a function of households’ ability to pay (measured by the % of households with income in the equitable share bracket, unemployment rate and Human Development Index).
- 3.12. The regional economy and the ability of households to pay for services delivered by the municipality, rates Saldanha Bay as “High” risk on INCA’s Municipal Revenue Risk Indicator scale. There is a high risk that the municipality will not be able to generate sufficient own revenue in future. The following graphs illustrate Saldanha Bay’s relative position in comparison to other local municipalities in the district.

GRAPH 4: WEST COAST DM: COMPARATIVE ECONOMIC RISK



GRAPH 5: WEST COAST DM: COMPARATIVE HOUSEHOLD ABILITY TO PAY RISK



Household Infrastructure Perspective

- 3.13. The Infrastructure Index for Saldanha Bay remained static at a high level of service of 0.91 in the period from 2005 to 2014. This is slightly higher than the West Coast District as a whole and compares favourably with a national improvement from 0.67 to 0.73 during the same period.
- 3.14. The provision of Water, Sanitation, Electricity and Refuse Removal has improved significantly between 1996 and 2014. The municipality has performed better than the district as a whole in this regard.
- 3.15. Saldanha Bay experienced the highest household formation of all five municipalities in the district, at an average annual growth rate of 4.4% p.a. The total housing stock has grown by almost 7 000 units, between 2005 and 2014. The backlog in absolute numbers has however also increased and is estimated at approx. 5 500 units in 2014.

- 3.16. The number of households with a level of service at RDP level or higher (90.8%) is higher than the number of households with income exceeding R 30 000 p.a. (86.5%). This may result in household affordability concerns in future.

Financial Perspective

- 3.17. There was an increasing trend with regards to the provision for Long Term Employee Benefits in FYE2009 - 2015. It is therefore important for SBM to continue to monitor these liabilities, including a viable funding plan that will ensure that Cash Resources are continuously available to defray the liabilities whenever they fall due. Nonetheless we note positively that the municipality was able to maintain a good Minimum Liquidity Requirement cover in excess of 1.2x throughout the 10 year period under review – ensuring that the Short Term Employee Benefits were sufficiently cash-backed for the same period.
- 3.18. Notwithstanding adequate cover with regard to its Short Term Statutory Obligations – SBM will need to increase the level of Capital Replacement Reserves (CRR) which decreased substantially to R 77 million in FYE2015, from a peak of R 278 million in FYE2012.
- 3.19. Good Cash Flow Management has ensured robust Liquidity Levels for SBM in FYE2006 – 2015. Current Assets and Current Liabilities showed a strong current ratio of 3.9x in FYE2015 - although lower than a peak of 6.77x recorded in FYE2010 as a consequence of fiscal consolidation.
- 3.20. For most of the period (FYE2006 – 2014), SBM experienced challenges with respect to Revenue Collection and this caused a high growing trend with regard to Gross Consumer Debtors (GCD). GCD grew by an annual average growth rate of 21% throughout the 10 year period under review and needs attention. Whilst we acknowledge the increase in Revenue Collection to 98% in FYE2015, from 92% in FYE2014 – we recommend SBM to review its Credit Policy with a view to strengthening controls that are necessary to sustain high Payment Levels in future.
- 3.21. The sharp increase in electricity debtors follows high Eskom tariff increases in 2012 notwithstanding a slight improvement in Payment Level to 95%, from 94% in the previous year. FYE2012 also saw significant increases in consumer delinquencies with respect to Water Services and Property Rates. Whilst SBM should ensure the existence of sufficient surpluses with respect to Electricity & Water Services as well as Property Tax Income –this should be done with cognisance to affordability of consumers.
- 3.22. It is positive to note that SBM was able to generate Total Accounting Surpluses for the entire 10 year term assessed. Linked with the municipality's ability to contain expenditure within the realm of its revenue generation capacity – is the consistent

recording of Cash Operating Surplus throughout the period. Despite a nine-year low of R 17 million recorded in FYE2013 due to high increases in cash payments (esp. suppliers), Cash Operating Surplus improved to R 58 million in FYE2015.

- 3.23. Electricity Services (28%), Property Rates (21%) and Water Services (16%) are the main revenue drivers of SBM. It follows that the associated service provision by the municipality should be efficient with the view of maintaining crucial Operating Surplus Margins. In this instance, we note positively that both Electricity and Water Losses were kept within the National Treasury norms in FYE2015.
- 3.24. Equitable Share contributes about 6% to Total Operating Income and SBM should at least be compensated for the delivery of basic services to indigents with respect to this source of revenue - ensuring financial sustainability of the municipality in the future.
- 3.25. SBM's largest expense is Staff Costs, including Councillor Remunerations and averaged 34% of Total Expenditure in the last two financial years ending 30 June 2015. Although higher than a five-year low of 29% recorded in FYE2011 - the ratio is still within the National Treasury norm of 25 – 40%. Being the highest expenditure item, any efficiency gains in the management of the human capital - would benefit the overall financial performance of SBM.
- 3.26. Despite fluctuating movements in growth – the increase in Repairs & Maintenance averaged 18% per annum in FYE2006 - 2015. The level of Repairs & Maintenance represented an annual average of 4% of Total Expenditure in the last four financial years ending 30 June 2015, compared to that of 6% in FYE2006 – 2011. Per National Treasury norms – SBM would need to spend much more on Repairs & Maintenance to bring it up to 8% of the Carrying Amount of PPE, from 1% recorded in the last six financial years ending 30 June 2015.
- 3.27. SBM increased annual capex more than threefold to R 187 million as at 30 June 2015 and this brought Aggregate Capex for the ten-year period to R 995 million. The Capital Investment program was largely financed through Own Funds (56%), complemented by Capital Grants (36%) and a limited utilisation of Borrowings (8%).
- 3.28. SBM has high levels of Cash & Cash Equivalents, constituting 78% of Current Assets in FYE2015. This is despite Cash & Cash Equivalents level reducing to R 396 million as at 30 June 2015, from a ten-year peak of R 499 million in FYE2012. Whilst we acknowledge this achievement of high Cash Holdings – we recommend that SBM adopt a Balanced & Optimal Capex Funding Mix to be suggested by the LTFP with the view of sustaining robust liquidity levels via the preservation of the municipality's Cash Resources.

4. ISSUES RAISED

- 4.1. The list of issues below is the result of a synthesis of issues identified during conversations with representatives of each Directorate on 25 and 26 January 2016. These matters were raised by officials of the Municipality and provide valuable insight into the environment within which the Municipality operates. The observations of the officials and interpreted by INCA for purposes of this report, provide insight into material issues that may impact on the longer term financial position of Saldanha Bay.

4.2. Development Perspective

The comparative advantage of Saldanha is its natural port, which provides the opportunity for manufacturing and export as well as oil and gas imports. Associated industries, such as rig repairs and energy generation from natural gas could also benefit from this activity. The development of the IDZ and associated industrial investments are increasing future development expectations of the region. There is however an acknowledgement that the development of the IDZ will be driven by international market forces.

In the past the regional economy was dominated by Agriculture and Fishing. However, a transformation of the economy has taken place over time, with the building of the port and with Saldanha Steel introducing the industrial era. The municipality recognises that the traditional skills in Agriculture and Fishing are available in the area and that the new sectors require new skills. It is therefore keen to promote a diversified economy with all the sectors mentioned being supported as well as the promotion of the Tourism sector.

The SBM views Tourism as part of Basic Services and intends to become directly involved in the development and marketing of this sector. In addition to being an annual holiday destination, the region is a popular weekend destination for visitors from Cape Town. Notwithstanding the attraction of the Flower Season, the SBM recognises the need to change the face of tourism and also introduce a tourism calendar.

Successful development would require improved public transport, both within the municipal area as well as externally to Cape Town. The need for a commercial airport may also be growing, with the conversion of the Langebaanweg military airport just one of the alternatives being considered. The need for improved integration of towns and presence of public services was expressed, viz. SARS, SAPS, Courts, Home Affairs, etc.

4.3. Impact of Population Gravitation

The IDZ and perception of exceptional growth and development as well as employment opportunities are contributing factors to the influx of people to the region as evidenced by the very high population growth figures.

This phenomenon will invariably lead to an increasing demand for municipal services, which may in turn require a larger human resource component in the municipality with the concomitant growth in expenditure on Salaries and Wages. The growth of population is expected to be proportionally more amongst the indigent groupings. The municipality will therefore find it difficult to recover cost increases from consumers in future and could be forced to adjust its level of service downwards to ensure sustainability.

Some of management also identified that growth of the municipality and an increase in functions will impact on the job descriptions and task levels of staff. It is therefore conceivable that the HR budget will increase even in the absence of additional appointments. The view was expressed that the municipality is challenged by a lack of experience and a lack of sense of responsibility amongst many staff.

Whereas the municipality was rated the best in the country in a number of categories in the recent past – which is a contributing factor to the attractiveness of the place, expectation of job opportunities and influx of people - there is no doubt that this level of excellence will be difficult to maintain in future. One view is that the municipality does not have the financial resources to support the high population growth figures indefinitely.

4.4. Aspects of Organisational Structuring

Historic events have contributed to structural changes in the organisation. Although it is acknowledged that these events gave rise to the need for intervention, the changes that were made are not viewed as efficient by a number of managers.

4.4.1. Area Management

Area Engineers under the Directorate of Community and Operational Services, manage maintenance teams in each of the following four areas, viz. Langebaan & Hopefield, Saldanha, Vredenburg and St Helena & Paternoster. These teams are responsible for the maintenance of internal service infrastructure.

In addition, maintenance teams that are centrally managed by the Directorate of Engineering and Planning Services maintain external and bulk infrastructure.

The view was expressed that this arrangement increased the HR budget and that efficiencies should be pursued by rationalising the maintenance management model.

4.4.2. Human Settlements

A number of Directorates are involved in the housing delivery value chain, viz. (i) Planning the housing pipeline is done by Strategic Services in the Municipal Manager's office (ii) Land acquisition and title deeds are managed in Corporate Services (iii) Construction is done by Engineering and Planning Services and (iv) Housing subsidies and allocation in Community and Operational Services.

This fragmented delivery model lends itself to inefficiencies and a variety of views of how to address this concern were raised. One manager held the view that the Department of Housing should be re-introduced. Another proposed a senior Coordinator taking the overall responsibility but accessing the relevant skills from the different Directorates. A third view held that a private service provider should serve as Implementing Agent.

Currently the municipality builds the houses and claims the subsidy after completion of the construction. This impacts on the cash flow of the municipality and one manager proposed that the subsidy should be obtained before construction commences. The changing rules for allocation of houses, viz. priority of age 40 plus, the delay in transfer and concomitant insurance liability of the municipality are particular concerns that were raised.

4.4.3. Resorts

The municipality owns and operates a number of holiday resorts which are not profitable. The losses quoted amount to between R6 and R9 million during the past two financial years. Management has expressed concern over the capability of the staff to manage the resorts, especially the non-collection of fees and insufficient control over overtime worked.

One view held was that the resorts serve a need, especially in the camping market and should be preserved as Council property. The economic spin-offs for trade in the area contribute towards this view.

The feasibility of a concession to a private operator is questioned on the basis that the salary scales of existing employees who would be expected to be taken over by the concessionaire are too high. By implication as many as half of the staff would therefore have to be re-deployed within the municipality, defeating the cost saving objective.

The municipality has commissioned Grant Thornton to produce a Resort Evaluation Report³. To date the municipality has not decided on a suitable management model.

4.5. Revenue Considerations

Management informed us that PWC was commissioned to explore revenue enhancement and that this assignment is currently underway. During the conversations various initiatives were identified that could potentially raise the municipality's revenues:

- The growth of the municipality could prove a municipal court to be feasible in the near future. This has the potential of increasing the income from fines for the contravention of by-laws.
- Since the introduction of a private service provider utilising cameras for law enforcement, the revenue from fines has increased significantly. The impact of AARTO on revenue generation, once introduced, is still uncertain though.
- ESKOM is distributing electricity to the large industrial consumers directly. As a result, the municipality is forfeiting the surplus on the sale of electricity that could have been used to cross subsidise social services. There is a view that a small surcharge, say 2 ½ % on top of ESKOM's electricity bill to large consumers should be paid over to the SBM.
- Many of the coastal towns experience holiday peak periods that place a huge strain on the infrastructure and service delivery capacity of the municipality. The view was expressed that a surcharge on tariffs during peak periods should be introduced.
- Many land uses only consume services during a few months a year. To avoid discrimination in tariffs and still recover much needed surplus from the sale of services it was proposed that the surcharge on basic tariffs which caters for the fixed cost element of tariffs be increased. To ensure affordability it may be necessary to reduce the surcharge on the variable element of the tariff, as long as costs are recovered.

Management identified certain risk events that could have a detrimental effect on revenue generation in future:

- The depressed international market for steel products could result in the Steelworks closing down for extended periods of time with the result that the

³ Saldanha Bay Municipality: Review of the Current Service Mechanisms to Manage the Municipality Holiday Resorts (Tender 28/14); Grant Thornton; 30 September 2014

municipality's income from the sale of services, during these periods, will be threatened.

- The municipality was in the fortunate position in the past to hold substantial reserves in cash which allowed it to earn interest in excess of R30 million p.a. The expected future growth in capex will diminish these reserves resulting in a smaller amount of interest income that will have to be compensated for by an increase in tariffs elsewhere.
- Billing of new households can only commence once a general plan is approved, owners are identified, registration has happened and a service agreement is signed. Any setback in this process may result in a delay in generating revenue.

4.6. Savings on Expenditure

During the conversations various initiatives were identified that could potentially result in a saving of expenditure:

- A move towards a paperless environment, especially with regard to council documents was mooted. This will not only provide opportunity to save on paper and printing costs but also alleviate the need for more archiving space.
- Whereas security will in future become even more important, the quality of the current security services is questioned. Improved productivity would improve efficiencies and prevent the loss of assets.
- By sharing training and development opportunities with other municipalities in the region, the cost thereof could be reduced.
- Lots of emphasis was placed on the provision of basic services being the mandate of the municipality and therefore expenditure on "luxury" items (defined by one director as assets providing "no return") should be avoided. Another view was expressed that in the trade-off between social- and income generating assets the socio-economic benefits of the investments should also be considered. The municipality has a project prioritisation model which has become in disuse and the view was expressed that this model should be re-introduced throughout the municipality in an effort to ensure appropriate investments.
- In similar vein, operational expenditure incurred in catering for the community on holidays should be avoided.

- The delay in transferring houses to end user beneficiaries makes the municipality liable for certain expenses, e.g. insurance, which could have been avoided.
- The extent of overtime payments to staff was identified as an item on which savings could be effected with an improvement in supervision.
- The operation and maintenance cost of the Old Age Home in Hopefield is a burden to the municipality. (Transferring the asset and operations to an FBO or NGO may have to be considered.)
- The Salaries and Wages bill is a large expenditure item and the opinion was expressed that the productivity of staff could be improved.
- With a complement of engineers being employed by the municipality, the appointment of consulting engineers for each project was questioned.
- Whereas stray dogs were identified as a particular law enforcement challenge, the expense associated with the construction and operation of a pound was questioned.

4.7. Strained Fiscus

The municipality is aware that the national treasury is experiencing strain and that a real risk exists that transfers from the fiscus to the municipality is under threat. This could materialise in a number of situations, e.g.:

- Under normal circumstances one could expect the high population growth rate associated with high unemployment and increasing indigency resulting in larger amounts of transfers under DORA, but this is most likely not going to be the case.
- Although Library Services is a fully funded mandate, the municipality is aware that its staff is employed at levels higher than those that the provincial government requires. If the subsidy were to be reduced to provincial levels, the municipality may have to fund the difference.
- The development of the IDZ is expected to proceed, but the lack of resources from national government may delay the implementation thereof. Likewise, Transnet's investments (of R12 billion) are also likely to be delayed.

4.8. Joint Ventures

During the conversations two projects were identified that would lend themselves to implementation jointly with the private sector.

4.8.1. Civic Node

Currently the directorates are dispersed in 8 different office buildings. The future aim is to consolidate municipal accommodation in one place. This could conceivably happen in the proposed civic node, which aims to integrate residential areas with economic activities and is planned on land which includes the old Transnet station. The municipality is reluctant to burden the rate payers with the expenditure and is also aware that no grant funding for this purpose is available. It therefore aims to leverage off any commercial opportunities in the node in a joint venture with the private sector. It is however expected only to commence in 5 to 8 years.

4.8.2. Water Supply

The water shortage in the region is expected to be relieved by one of a number of alternative options. In addition to recycling treated sewage for industrial purposes the following options were raised:

- The water extracted from the Elandsfontein Mine is of good quality. Bringing the water to potable level and conveying it to the municipal reservoirs would require an arrangement with the mine and approval of the Department of Water and Sanitation.
- Alternatively a desalination plant with a first phase capacity of 8.5ML and cost estimate of R500 million would lend itself to a classical Public Private Partnership (“PPP”), in which the municipality enters into a PPP Agreement with a Private Party to design, build, finance, operate, maintain and transfer the plant back to the municipality at the expiry of the concession period for an annual (“take-and-pay”) unitary fee similar to a bulk water purchase price.

4.9. Risks

The major risks for the municipality that could threaten its financial sustainability were identified as (i) the inadequate provision of water and (ii) energy and (iii) the declining availability of resources to serve the uncontrolled influx of people to the region.

Any new developments, whether industrial or residential rely on uninterrupted supply of water and energy. Both the lack and/or the price of the resource pose a problem.

Due to the cost of electricity the Steel Factory is quoted as considering generating its own power.

The indigents migrating to the region in anticipation of a better life are consumers of services but seldom in a position to pay for those services. With the declining transfer of grants from the fiscus that would have contributed towards paying the expenses, the available resources of the municipality are diminishing.

5. IMPACT OF THE IDZ

5.1. The development of the proposed IDZ in Saldanha Bay will have an impact on the municipality in several areas of concern. During the development of the IDZ, infrastructure will be implemented by the Saldanha Bay IDZ Licencing Company (“LICO”), the external infrastructure of which has to be taken over and managed by the SBM. The SBM will be tasked to deliver services to the IDZ, for which it will receive income and incur associated expenses. As a spinoff of the IDZ development and the direct, indirect and induced employment opportunities that will be created, residential- and other associated development (social- and commercial land uses) will have to be developed.

5.2. Infrastructure Development

LICO, as developer of the IDZ land will be responsible for the planning, construction, financing, operating and maintenance of all **internal infrastructure**. This infrastructure will not have to be taken over by the municipality and will not place a burden on its operation and maintenance activities and budget. The estimated capital cost of providing internal infrastructure is R 700 million.

However, the industrial activities in the IDZ land will require additional services for which the **external infrastructure** will have to be upgraded. This entails⁴:

Project	Bulk Infrastructure Contribution Estimate (R million)
Upgrade of Saldanha Bay WWTW	R 40.0 m
Extension to Besaansklop Reservoir	R 18.0 m
New Cartol Pump Station	R 6.0 m
New sewerage rising main	R 2.5 m
Refurbishment of NOK pump station	R 1.5 m
TOTAL	R 68.0 m

The LICO has elected to implement these upgrades themselves and not make a cash contribution. The actual budget for these upgrades is estimated to cost in excess of R 100 million⁵. In addition to the civil engineering infrastructure, an electricity substation will have to be upgraded to the amount of R40 million. Whereas the SBM does not have a responsibility to finance the provision of this infrastructure, it will

⁴ Draft Memorandum of Agreement between Saldanha Bay Municipality and the Saldanha Bay IDZ Licensing Company SOC

⁵ Information received telephonically on 3 February 2016 from Mr Hannes Marais, Executive: Infrastructure and Environment of LICO

after completion have to take over the external infrastructure, operate, maintain and replace it at the end of its useful life.

Our model accommodates the investment of an additional R140 million infrastructure by the LICO. This will be added to the PPE of SBM and will be subject to depreciation and replacement in time.

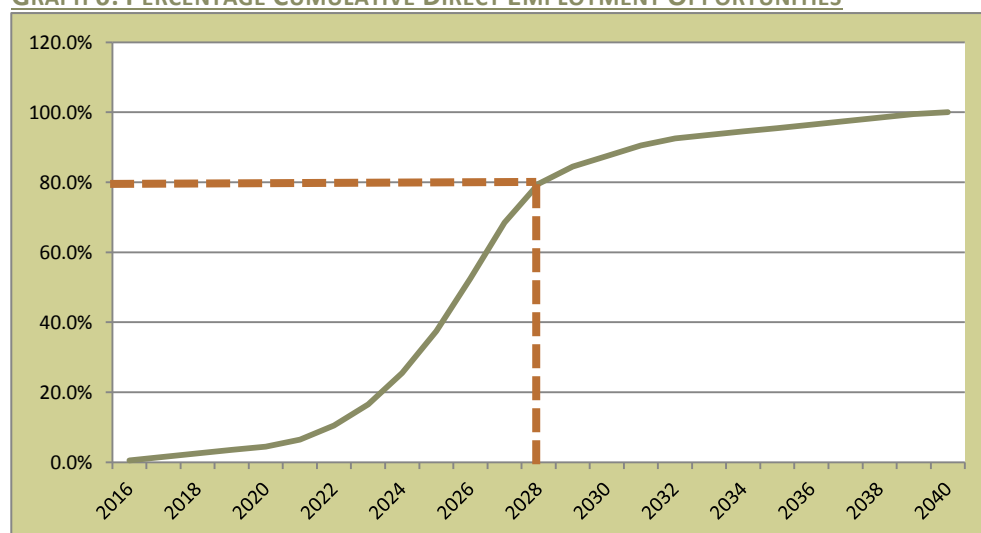
5.3. Pace of Development

The IDZ is earmarked to serve as a hub for the Oil and Gas sector. The depressed oil price will probably delay the investments by industries but it is expected that the provision of infrastructure will proceed.

The LICO expects that the provision of infrastructure should be completed by March 2018. With reference to the IDZ Feasibility Study⁶ investments in the IDZ land will proceed for a total period of 25 years at varying pace of investment depending on the relevant scenario. In our model we were guided by the “Medium” and “Low” Scenario as recorded in Wesgro’s Feasibility Study, but adapted it to the current timeframe.

The Medium Scenario estimates that 6 670 direct employment opportunities will be created. In our distribution of these jobs, informed by the Feasibility Study, we assume that 80% will be created by 2028.

GRAPH 6: PERCENTAGE CUMULATIVE DIRECT EMPLOYMENT OPPORTUNITIES



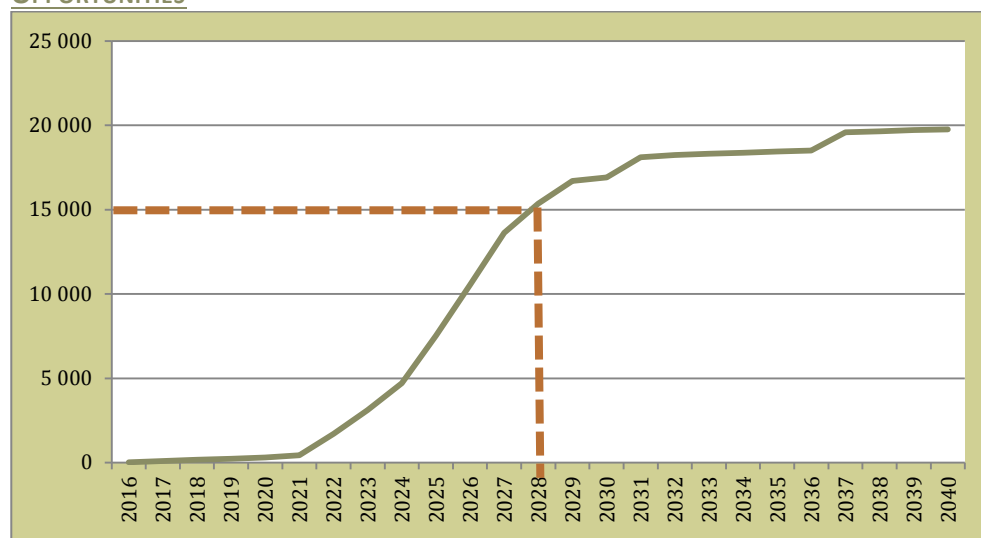
Informed by the Feasibility Study, we have assumed that the employment multiplier is 2, i.e. for every one direct employment opportunity in the IDZ, 2 additional indirect and induced employment opportunities (whether formal or informal) will be created in “upstream” and “downstream” industries, representing a variety of economic

⁶ *Saldanha Bay IDZ Feasibility Study*; Revision 1; Wesgro; 30 November 2011

sectors, including but not exclusively, Trade, Community Services, Construction, Finance, etc. This is important as these employees and their dependents will have to be housed and provided with municipal services.

We have therefore assumed that a total of 20 000 job opportunities will be created at a rate as illustrated in the graph below.

GRAPH 7: CUMULATIVE TOTAL (DIRECT, INDIRECT AND INDUCED) EMPLOYMENT OPPORTUNITIES



The IDZ will have an impact on the population growth rate. Based on the pace of development as described above, the population is expected to grow as indicated in the table below. The table also compares the estimate with a scenario in which the IDZ is not developed and population growth trends of the recent past continue into the future.

TABLE 2: ESTIMATE OF FUTURE POPULATION

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
EXCLUDING IDZ											
Population	109 414	111 366	113 222	114 990	116 689	118 314	119 859	121 317	122 683	123 951	125 117
Population Growth Rate	1.9%	1.8%	1.7%	1.6%	1.5%	1.4%	1.3%	1.2%	1.1%	1.0%	0.9%
INCLUDING IDZ											
Population	109 517	111 668	113 721	115 683	117 578	119 586	124 743	130 147	135 981	144 993	154 371
Population Growth Rate	2.0%	2.0%	1.8%	1.7%	1.6%	1.7%	4.3%	4.3%	4.5%	6.6%	6.5%

The future population translates into an increase in households that will require accommodation and municipal services. In the following chapter the increase in residential development and categorization of houses will be addressed.

5.4. Economic Growth

In the Feasibility Study⁷ the impact of the IDZ on the total GGP for the combined (capex and opex) phases for the “Base” Scenario is quoted as R7 475 million for the 25 year period.

Relating this economic impact on Saldanha Bay’s GVA at a rate of development that is aligned to the employment creation, the economic growth rate is calculated as illustrated in the graph below.

GRAPH 8: IMPACT OF IDZ ON SALDANHA BAY'S GVA GROWTH RATE % P.A.



These growth rates were used in our model in forecasting Revenues for our Base Case Scenario.

⁷ Saldanha Bay IDZ Feasibility Study, page 102

6. HOUSING DEVELOPMENT

- 6.1. The anticipated population growth and associated household formation translates into a demand for housing in future, some of which will be provided by the market but a large percentage will have to be subsidised by the state.
- 6.2. Based on the income categories of households and household occupancy rates for the different population groups the demand for subsidised and market housing was calculated. We also assumed that the economic development in Saldanha Bay will improve the household income over time even if not totally eradicating the need for state assistance in the provision of housing. The assumed housing demand is listed below and compared to a scenario in which the IDZ is not developed:

TABLE 3: ESTIMATE OF FUTURE NUMBER OF HOUSEHOLD ADDITIONS P.A.

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
EXCLUDING IDZ											
Subsidised Housing	529	481	420	381	351	323	294	265	237	210	184
Market	397	400	388	389	407	421	434	445	452	457	459
Total Households	926	881	808	770	758	744	728	710	689	667	643
INCLUDING IDZ											
Subsidised Housing	543	510	445	405	376	366	689	669	666	902	861
Market	412	428	420	422	440	492	1 127	1 243	1 398	2 174	2 364
Total Households	955	938	865	827	816	858	1 816	1 912	2 064	3 076	3 225

- 6.3. The premise is that internal infrastructure will have to be provided and will become the asset of the SBM. Whereas the infrastructure will be financed by the developer in the case of market related housing, the subsidised housing will largely be dependent on grants for the provision of internal infrastructure.
- 6.4. In the case of external infrastructure the model assumes that the developer will make a bulk contribution and that the municipality will finance the implementation of external infrastructure needed for subsidised housing from MIG grants or own resources.
- 6.5. The housing subsidies for the provision of the top structures will not be quantified. The model is a simplification of reality and assumes that this grant will neither be recorded as income nor expenditure with the acceptance that the asset will be transferred to the end user and will not become the asset of the municipality.

- 6.6. The capex demand related to internal and external infrastructure provision for the development of housing is quantified in **TABLE 4** below. These amounts can only be regarded as high level estimates as the actual circumstances and engineering requirements are not known.

TABLE 4: ESTIMATE OF INFRASTRUCTURE CAPEX DEMAND RELATED TO HOUSING PROVISION ONLY
R MILLION

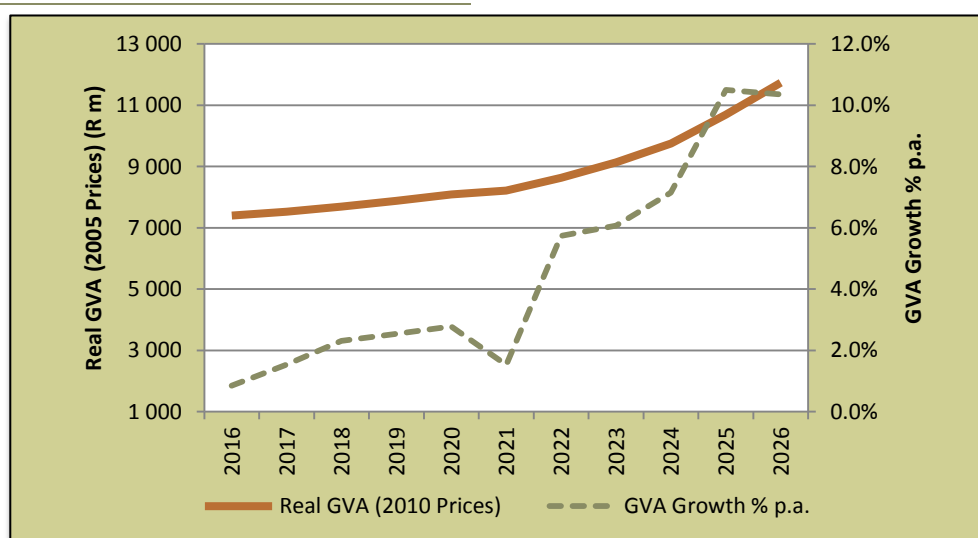
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
EXCLUDING IDZ											
Grants expected for Subsidised Housing Infrastructure	56.1	54.4	50.7	49.1	48.3	47.6	46.4	44.8	43.0	41.0	38.6
Bulk Contribution expected from Developers	15.7	16.9	17.5	18.7	21.0	23.2	25.6	28.1	30.7	33.3	35.9
INCLUDING IDZ											
Grants expected for Subsidised Housing Infrastructure	57.6	57.7	53.7	52.2	51.8	53.9	108.8	113.2	120.9	175.9	180.5
Bulk Contribution expected from Developers	16.3	18.1	18.9	20.3	22.7	27.1	66.5	78.6	94.8	158.3	185.1

- 6.7. These amounts were accommodated in the model together with the capex demand for the eradication of the existing housing backlog.

7. FUTURE MUNICIPAL REVENUES

- 7.1. In proposing a long term financial plan, INCA estimated the future municipal revenues. This projection was done with reference to the research done by Schoeman⁸.
- 7.2. The future Gross Value Add (“GVA”) of SBM was estimated based on a view of the future economic growth of the region, which is dominated by the development of the IDZ, as well as an estimate of future population of SBM. The graph below illustrates the Base Case GVA and GVA growth rates used in INCA’s model. The average annual economic growth rate for the planning period is 4.7% p.a., reaching a high of more than 10% p.a. in 2025 and 2026:

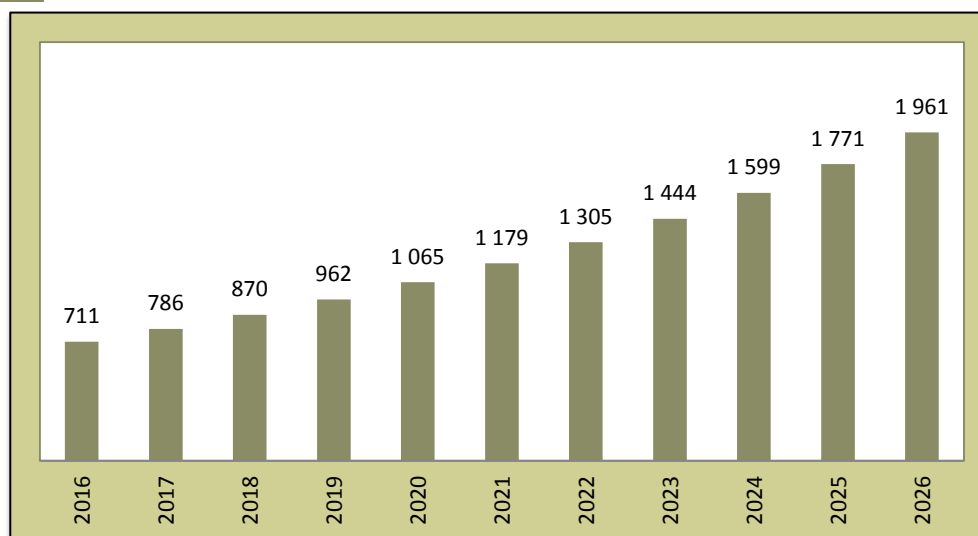
GRAPH 9: SALDANHA BAY: GVA FORECAST



- 7.3. The future Municipal Revenue was then calculated by employing the relationship between Municipal Revenues (“MR”), GVA and Population, i.e. $MR = f(GVA, Population)$. This estimate was calibrated against the municipality’s forecast of future revenues in its MTREF. The estimated municipal revenues (excluding grants) during the planning period for SBM are illustrated in **GRAPH 10**:

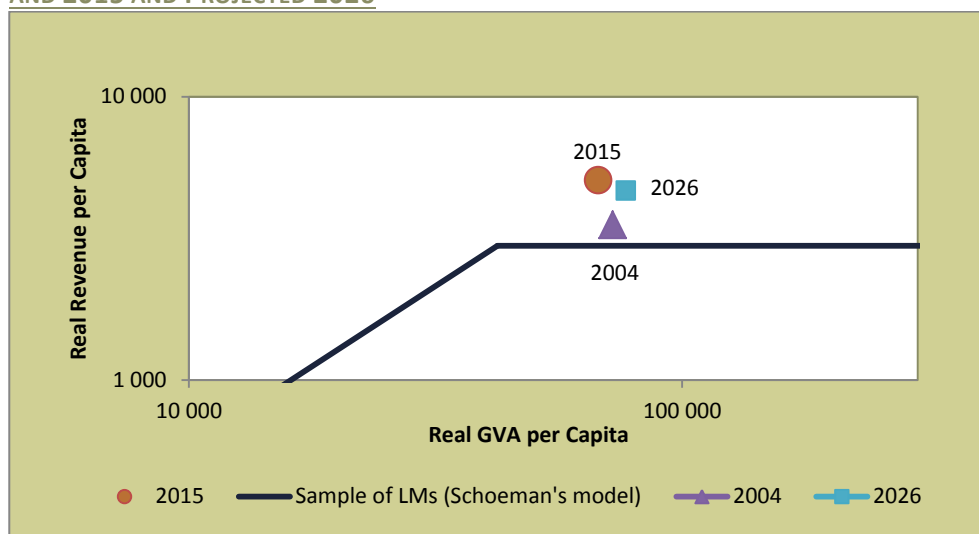
⁸ *Fiscal Performance of Local Government in South Africa - an Empirical Analysis*; Niek Schoeman; UP 22 July 2011; https://editorialexpress.com/cgi-bin/conference/download.cgi?db_name=IIPF67&paper_id=40

GRAPH 10: SALDANHA BAY: FORECAST NOMINAL MUNICIPAL REVENUE EXCL. GRANTS, RM P.A.



- 7.4. The future annual average growth in revenues (**excluding** Grants) amounts to 11% p.a. This is 4% above the average assumed CPI for the period, i.e. a Real Municipal Revenue Growth Rate of 4% p.a. This growth cannot be achieved through an increase in tariffs alone but consists of a combination of (i) increased sales, (ii) increase in tariffs and (iii) new revenue sources. This revenue growth is higher than the municipality's own estimate during the MTREF period, which expects an average increase in revenue (excluding grants) of 8% p.a. However, if one accepts that the impact of the IDZ will only kick in after the MTREF period, then our estimated growth rate is not unreasonable. The historic nominal Municipal Revenue Growth Rate (**excluding** Grants) for the period between 2004 and 2015 was 11.7% p.a. The slightly lower future projected growth rate is largely due to an expectation of a growing proportion of the indigent population migrating to Saldanha Bay that will not contribute significantly to the municipality's own revenue.
- 7.5. The relationship of SBM's Real Municipal Revenue **per Capita** and the Real GVA **per Capita** over time (viz. 2004 and 2015) was compared to the sample of municipalities used by Schoeman in his research. For a decrease in real GVA per capita of -0.6% p.a. there was a counterintuitive increase in real revenues per capita of 3.3% p.a. on average over the Planning Period. This is illustrated in **GRAPH 11**. In 2004 the revenue per capita was slightly higher than Schoeman's model, but considerably higher in 2015.
- 7.6. In comparison INCA's model estimates that the real GVA per capita in 2026 is R 76 840 p.a., slightly higher than in 2015. This is due to the development of the IDZ. The municipal real revenue (excluding grants) per capita at that time is R 4 658 p.a. which is slightly lower than the real per capita revenue of 2015.

GRAPH 11: SALDANHA BAY: REAL REVENUE PER CAPITA VS. REAL GVA PER CAPITA FOR 2004 AND 2015 AND PROJECTED 2026



- 7.8. We conclude that SBM's own revenue per capita has increased at a faster rate than GVA per capita during the period (2004 to 2015). This is in part due to an economic recession in 2008 – 2009 and a significant influx of people to the region in recent times. If the development of the IDZ were not to proceed, then maintaining the Real Revenue per Capita at 2015 levels in the absence of any significant economic activity may turn out to become unaffordable for the rate payers and customers of the municipality in future. We are comfortable that the Revenue per Capita for 2026 as forecast by INCA's model is reasonable, only if the IDZ will become a reality - albeit higher than the level projected by Schoeman in his model.
- 7.9. The municipal revenues as predicted above, exclude grants and subsidies, as these are not dependent on the local economy. However, the model does take grants into account by including Unconditional Operational Grants (Equitable Share) in Revenue but excluding Conditional Operational Grants in Revenue and reducing Expenditure with the same amount. The Equitable Share receipts during the past year amounted to approximately R46 million, but are assumed to increase in future due to the expected population growth. An estimate of capital grants, based on historic trends (but excluding ad hoc grants), is included in the capital funding mix. The grants calculated in chapter 6, pursuant to the expected increase in housing are also included in the model.
- 7.10. Once the annual municipal revenues were determined the ability of the municipality to pay for operational- and capital expenditure and the level of expenditure was estimated based on a range of assumptions, as discussed in more detail further on in this report.

8. FUTURE OPERATIONAL EXPENDITURE

- 8.1. Notwithstanding the prudent financial management in the recent past, the ongoing challenge remains to align the expenditure budget not only to anticipated revenue growth, but very specifically to anticipated cash collections in an attempt to generate both accounting and cash surpluses. Therefore stringent expenditure management remains as important as ensuring that revenues are collected.
- 8.2. There is limited scope to substantially increase any costs without negatively impacting on the overall operational performance of the Municipality, therefore requiring stringent management of the increases in current expenses.
- 8.3. It is important to assess the expenditure trends over time and monitor variations. Where possible the extent of expenditure needs to be anticipated and staggered over multiple years to reduce the impact.
- 8.4. Regulated expense items, viz. Salaries & Wages as well as Bulk Electricity Purchases, contribute the bulk of Total Expenditure (58% in 2015). Furthermore, the Salaries and Wages bill is high but still within the MFMA norms. However, staff productivity, as measured by Total Income/Staff Costs (=3) is low. There is scope to improve productivity, but the Salaries and Wages Bill will increase in future to allow for the provision of additional services pursuant to the IDZ development. Any cost containment is therefore limited to General Expenditure items and organisational restructuring. Savings may also be incurred when the Municipality adjusts its level of service downwards.
- 8.5. The financial model has assumed cost increases similar to the increases in the MTREF for the first 3 years, but uses the number of households as independent variable to calculate expenses in future.

9. DEMAND FOR FUTURE CAPITAL EXPENDITURE

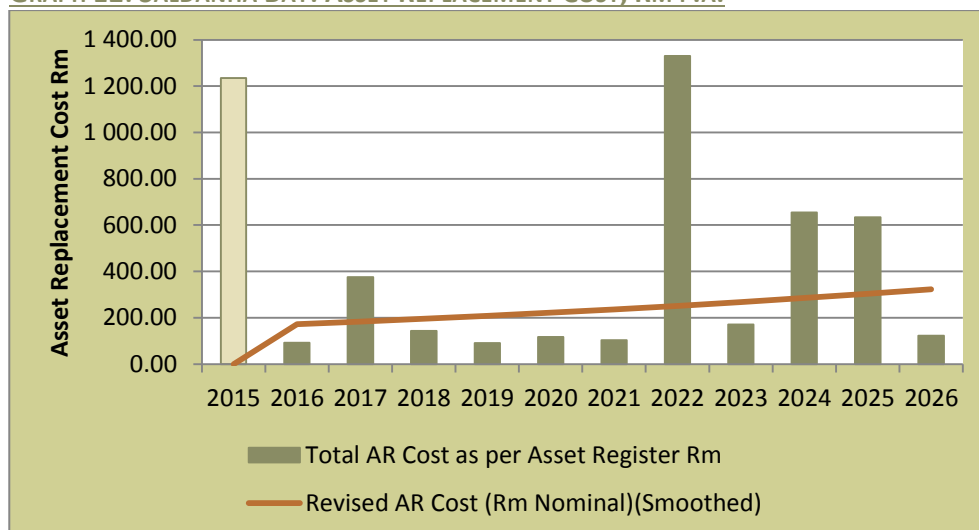
- 9.1. Integrated asset management acknowledges the link between the 3 elements of cost associated with asset management, viz. New Capital Expenditure, Asset Replacement Cost and Repairs and Maintenance Expenditure. The extension of the life of an asset beyond its Useful Life may save on Replacement Costs but will increase the Repairs and Maintenance expenditure. Any new assets created will also have an impact on the Repairs and Maintenance budget in future.
- 9.2. By analysing the asset registers of the municipality a feel for the demand of future replacement cost of exiting assets and investments in new assets was obtained.

Asset Replacement Expenditure

- 9.3. The “Replacement Cost” at a future “Replacement Date” for all the assets in the asset registers was determined. “Replacement” could also imply rehabilitation, enhancement (upgrade) or renewal (refurbishment) of that asset, but excludes routine repairs and maintenance.
- 9.4. The calculation is done mechanistically and does not cater for engineering judgement. The model only uses the Remaining Period of the asset component as a criterion. The model calculates the Replacement Cost (in nominal terms) of assets for the Planning Period, i.e. up to and including 2026. Some asset classes were not reviewed for replacement, viz. “Land”, “Investment Property”, “Heritage Assets” and “Servitudes”.
- 9.5. The outcome of this analysis and the Annual Replacement Cost (“ARC”) is presented in Annexure 4: Assets Earmarked for Replacement.
- 9.6. According to the analysis the nominal replacement cost for the 11-year period from 2015/16 to 2025/26 and added to the replacement not undertaken in 2014/15 and before, amounts to R 5 067 million. This is a mechanistic calculation of the replacement cost of assets in the asset registers that have reached the end of their useful lives.
- 9.7. We have amended the estimated replacement costs. This was achieved by:
- Assuming that the actual remaining life of Buildings will exceed the life recorded in the asset register,
 - Assuming that only 20% of buildings will be replaced when their estimated useful life expires (e.g. roofs, fittings, finishes, etc. and not the whole structure)
 - Spreading replacement not done in the past over a number of future years, and
 - Smoothing the constant 2015 value over the Planning Period and reverting these back to nominal values.

- 9.8. The more realistic total asset replacement cost, for the period 2015/16 to 2025/26 - albeit not necessarily affordable - was reduced from the original R 5 067 million to R 2 648 million.
- 9.9. The graph below compares the Replacement Cost as determined from the asset registers and the smoothed Replacement cost after adjustment as described above:

GRAPH 12: SALDANHA BAY: ASSET REPLACEMENT COST, RM P.A.



- 9.10. The amounts recorded for the periods 2016, 2018 – 2021, 2023 and 2026 appear to be realistic (albeit still not necessarily affordable). The large amount of in excess of R 1 billion recorded for 2015 represents all those assets that should have been replaced in the past but were not. The exceptionally high amounts recorded for 2017, 2022 and 2024 – 2025 are largely (but not exclusively) due to:

2017: Roads and Buildings
 2022: Buildings and Solid Waste
 2024: Buildings
 2025: Buildings and Roads

The estimated amounts are so high that it becomes worthwhile to assess the condition of the assets as accurately as possible and using engineering judgment determine when the asset components need to be replaced.

- 9.11. The fact that the smoothed curve is above the calculated ARC is due to the distribution into the future of the replacement of assets that should have been replaced in the past as well as the smoothing of the future replacement cost.
- 9.12. The municipality's current policy dictates that 50% of the previous year's depreciation charge is cash backed to fund the Capital Replacement Reserve. In the light of the large backlog in replacing existing infrastructure that has reached the end of its useful life it is prudent to prioritise the CRR for purposes of financing asset replacement. To

the extent that the cash balances are available it would be prudent to transfer the full depreciation charge to the CRR. The SBM should avoid depleting its CRR in any given financial year, but use 50% of the prior year balance for assets that require replacement. An asset replacement programme within the levels of available resources in the CRR will go a far way in quantifying the future replacement budget.

New Capital Investment

9.13. At the time of writing this report the long term capital investment estimates requested from the SBM were limited to Water and Sewerage only. We combined this information with the capex demand that appears in the IDP, but which is limited to the MTREF period, and information received during the conversations with Directors. We also did an independent high level estimated of the future capital expenditure by adding to the replacement cost as calculated above, an estimate of the costs to eliminate backlogs and cater for new household formation. The approach followed is discussed in more detail in Annexure 5: New Capital Investments. For purposes of quantifying future capital demand we have used INCA's estimates.

Total Capital Investment Demand

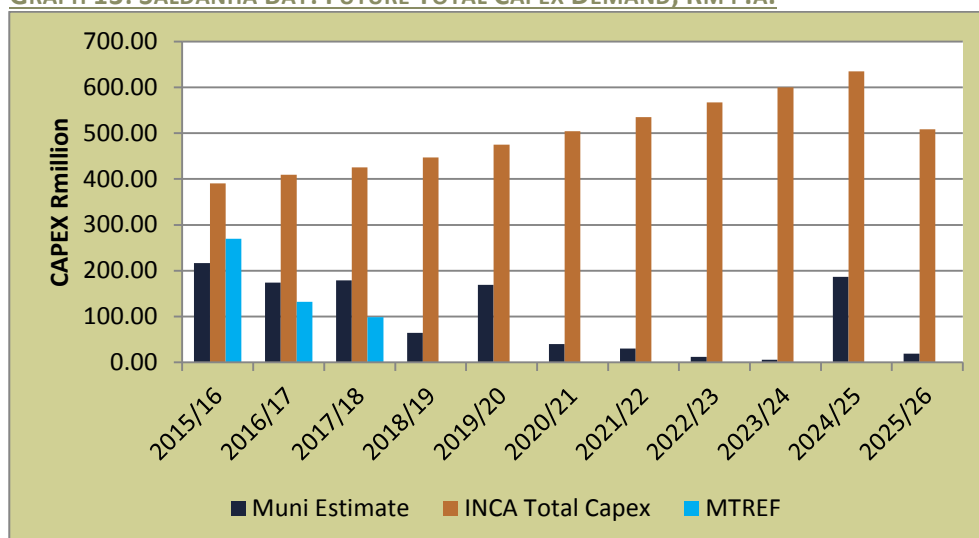
9.14. The total capital investment demand is then estimated as follows:

TABLE 5: ESTIMATE OF TOTAL FUTURE CAPEX DEMAND, R MILLION

	0	1	2	3	4	5	6	7	8	9	10
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
SBM Estimate Total Capex	216.3	173.7	178.9	64.3	169.1	39.8	30.6	12.5	6.0	186.5	19.0
INCA New Capex	224.2	239.5	244.0	254.4	270.0	584.2	659.4	1 063.6	1 198.6	1 715.6	1 668.0
INCA Replacement Capex	172.3	183.5	195.4	208.1	221.6	236.0	251.4	267.7	285.1	303.7	323.4
INCA Estimate Total Capex	396.5	422.9	439.4	462.5	491.6	820.3	910.8	1 331.3	1 483.8	2 019.3	1 991.4
MTREF Cap Budget	269.4	132.1	98.9								

9.15. This is illustrated in the graph below. As is expected the MTREF capex budget is much lower than the demand, already hinting at affordability concerns.

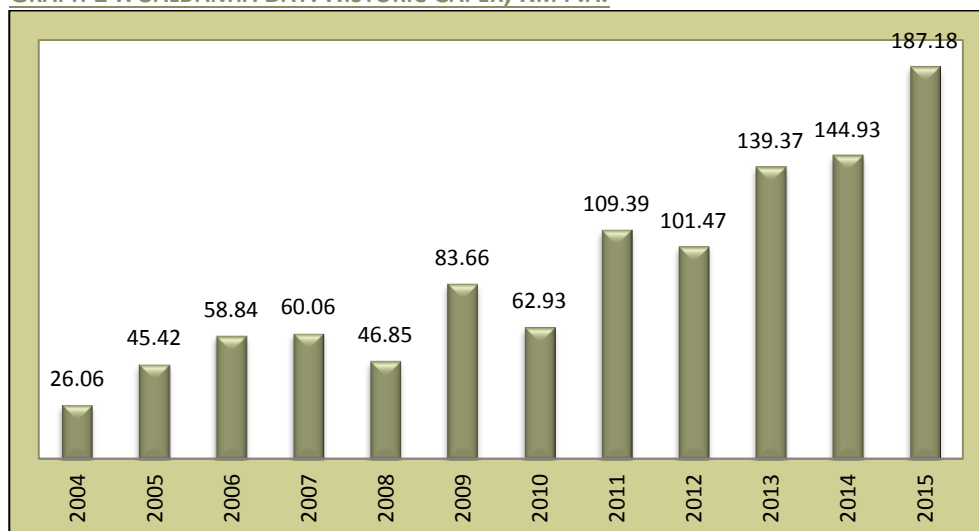
GRAPH 13: SALDANHA BAY: FUTURE TOTAL CAPEX DEMAND, RM P.A.



9.16. The total Capital Investment estimate (Replacement and New Assets) for the period 2015/16 to 2025/26 is estimated to amount to R 1 097 million in SBM's estimate and R 7 951 million in INCA's estimate.

9.17. In comparison, the historic capital expenditure for the period 2003/04 to 2014/15 reveals the extent of the capital investment programme for which Saldanha Bay has capacity. The average capex during the past 5 years was R 136 million p.a. and never exceeded R 200 million in one year.

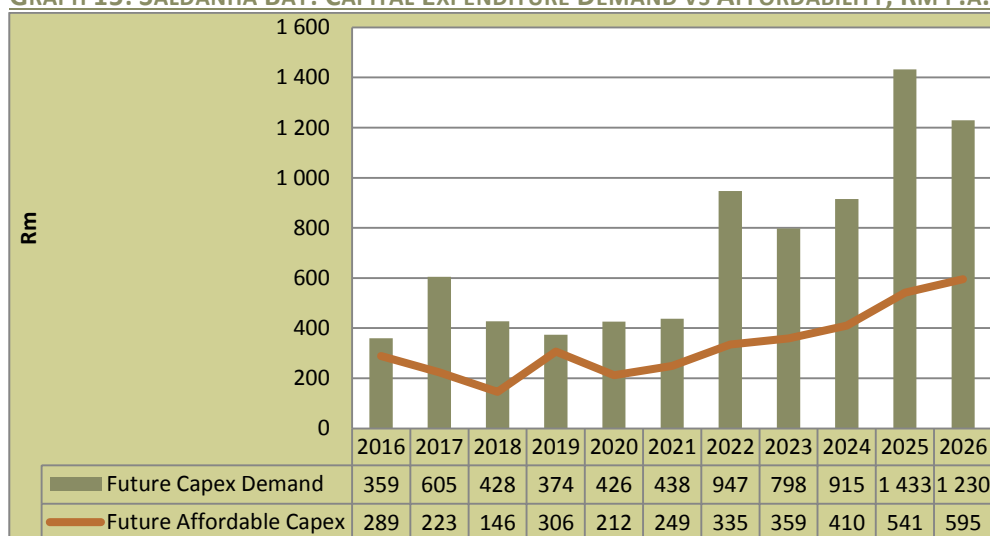
GRAPH 14: SALDANHA BAY: HISTORIC CAPEX, RM P.A.



10. AFFORDABILITY OF FUTURE CAPITAL EXPENDITURE

- 10.1. INCA developed a “Capital Investment Model” that forecasts the future capex that a municipality can afford; based on the Revenues it can expect to generate.
- 10.2. The cash available to service any new debt is calculated by subtracting from the Revenues as determined in paragraph 7 above a waterfall of cash needs, starting with operational expenses, existing debt service and investment for liquidity- and other reserves.
- 10.3. The New Debt that the municipality can afford plus any remaining cash as well as estimated capital grants and other capital contributions can then be allocated towards capital expenditure.
- 10.4. The total affordable capex for the period 2016 to 2026 amounts to R 3 666 million (nominal) and R 2 507 million (constant - 2015) terms. The affordable capex is approximately [R 4 285 million] less than the future capex demand of [R 7 951 million], and requires an adjustment downwards of the capex demand expectations.

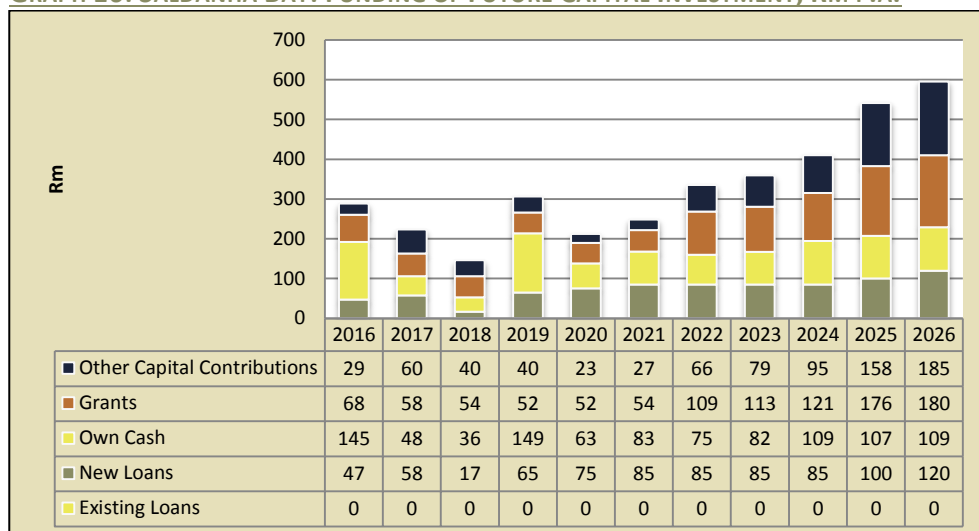
GRAPH 15: SALDANHA BAY: CAPITAL EXPENDITURE DEMAND VS AFFORDABILITY, RM P.A.



11.FUNDING OF FUTURE CAPITAL EXPENSES

11.1. The funding mix to fund the future affordable capex is determined by the model by ensuring that the available cash is either invested to cover the minimum liquidity requirements and fund a capital replacement reserve or invested in capital assets. In accordance with the model the capex may be funded as follows:

GRAPH 16: SALDANHA BAY: FUNDING OF FUTURE CAPITAL INVESTMENT, RM P.A.



11.2. The funding mix for the period 2016 to 2026 consists of the following funding sources:

TABLE 6: FUNDING FUTURE AFFORDABLE CAPITAL EXPENDITURE

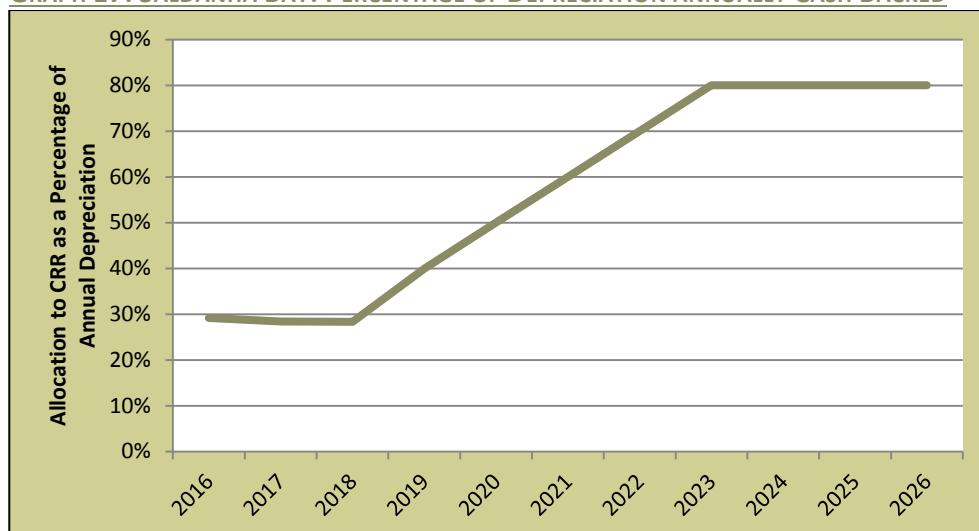
Sources of Funds	Amount Rm	%
New Loans	R 822	22.4%
Own Cash	R 1 005	27.4%
Grants	R 1 037	28.3%
Other (Cap Contributions)	R 802	21.9%
TOTAL	R 3 666	100.0%

11.3. The capital funding mix budgeted by the municipality during the first 3 years was assumed in the model. Added to this mix was the “in kind” contribution made by the IDZ Licencing Company in upgrading external infrastructure, categorised together with developer’s bulk contributions as “Other Capital Contributions” in the graph above.

11.4. The amount of Grants was informed by historical trends and future demand pursuant to the IDZ development. The future quantum of grants is however uncertain. Ad hoc capital grants were excluded from future estimates. External Loans amount to app. 22% of the funding mix in the Planning Period. A significant amount of R800 million will come by way of capital contributions in future. Once again due to the developments that will follow the implementation of the IDZ.

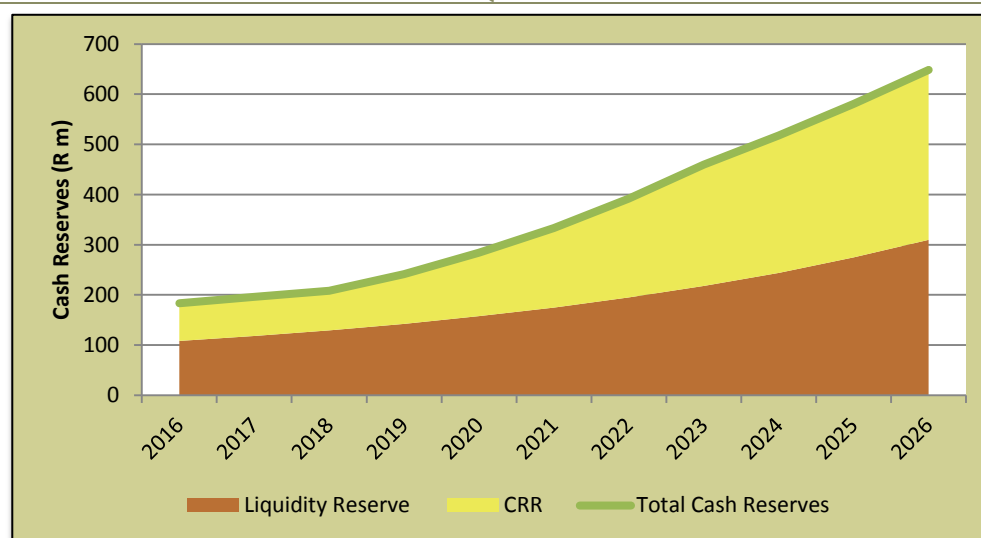
- 11.5. The municipality expressed the objective of increasing the percentage of depreciation that will be cash backed to 80% within the next 5 to 10 years. The model indicates that this objective may be reached by 2023. See [GRAPH 17](#) below. Due to the simplification of the model the calculated depreciation may differ from the actual annual depreciation. The model also assumes that 50% of the balance in the CRR may be withdrawn for purposes of capital expenditure in each year.

GRAPH 17: SALDANHA BAY: PERCENTAGE OF DEPRECIATION ANNUALLY CASH BACKED



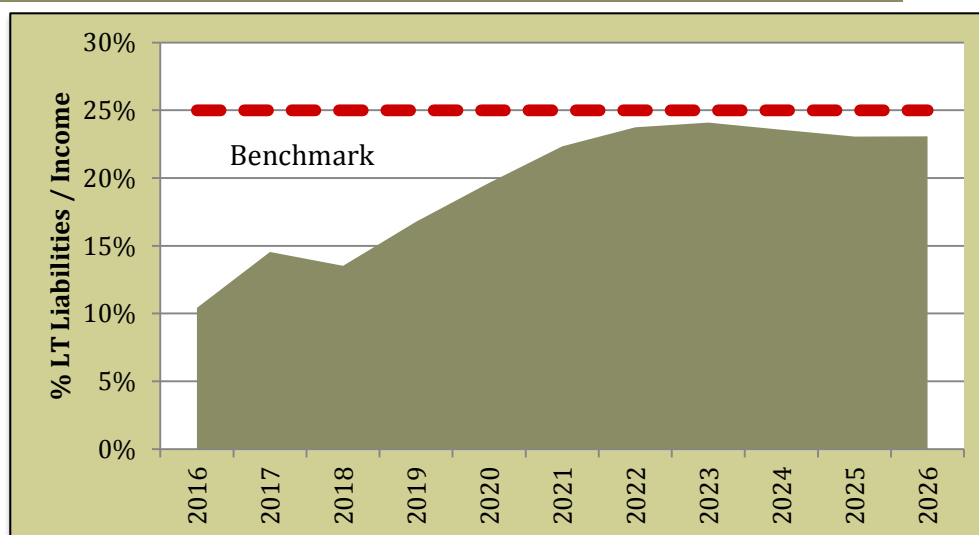
- 11.6. Liquidity amounting to the amounts of statutory reserves, unspent conditional grants, short term provisions and one month's working capital are modelled to be held in cash as the so-called "Liquidity Reserve". The balances of the Liquidity Reserve and CRR are illustrated in [GRAPH 18](#) below.

GRAPH 18: SALDANHA BAY: BALANCE OF LIQUIDITY AND CAPITAL REPLACEMENT RESERVE

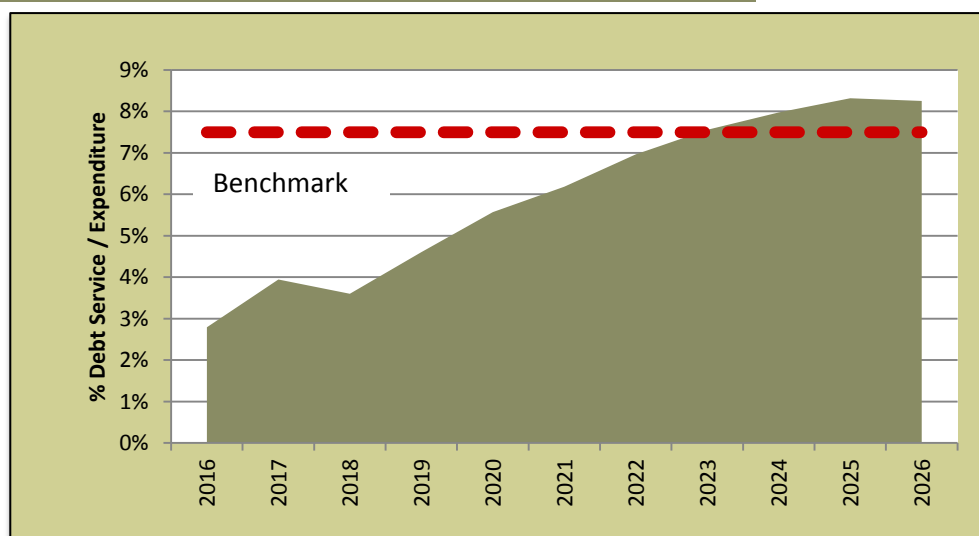


- 11.7. The long term liabilities (“LTL”) as a percentage of Income remain below the benchmark of 25% and the Debt Service (Interest and Capital) to Total Expense Ratio exceeds the benchmark of 7.5% for a limited period during the end of the planning period only.

GRAPH 19: SALDANHA BAY: LONG TERM LIABILITIES AS A PERCENTAGE OF INCOME



GRAPH 20: SALDANHA BAY: DEBT SERVICE TO TOTAL EXPENSE RATIO



- 11.8. The realisation that only a proportion of the capital investment demand is affordable requires the municipality to prioritise its investment programme. To avoid any deterioration in the asset quality and address future capex needs, the municipality is advised to gradually increase repairs and maintenance expenses.

12. FINANCIAL MODEL

- 12.1. The proposed financial plan is based on the assumptions in the Base Case Financial Model. We are cognisant of the fact that future cash flows may be influenced by a variety of variables.
- 12.2. The Base Case reflects a scenario in which the IDZ will be developed. The quantum and pace of development is informed by the “Low” and “Medium” case of the IDZ Feasibility Study, referred to in chapter 5 above. The assumptions made for the Base Case are summarized below. The variables that were kept constant for all scenarios are listed in the **TABLE 7** below.

TABLE 7: BASE CASE ASSUMPTIONS: GENERAL

VARIABLE	VALUE
Model Period	11 Years: 01-07-2015 to 30-06-2026
Average CPI growth rate	6.95% p.a.
Days Receivable	52
Days Payable	49
Depreciation rate	5.5% p.a.
Investment Property: Acquisition	R 0 million
Investment Property / PPE: Disposal	R 0 million
No of months WC in liquidity reserve	1 month
Funding of Capital Replacement Reserve	Depreciation
Interest Rate on Positive Bank Balance above CPI	-1.0%
Interest Rate on Overdraft above CPI	5.0%
Opening balances	30-06-2015 (adapted)
New debt tenor	10 Years
New debt interest rate above CPI	4.50% p.a.

- 12.3. Most of these variables are self-explanatory. Suffice it to highlight that the assumed CPI growth rate ranges from 6.5% to 7.5% p.a. No disposal of investment property / PPE is assumed.
- 12.4. The variables that were changed for scenario testing are presented in the Table below:

TABLE 8: BASE CASE ASSUMPTIONS: SCENARIOS

VARIABLE	AVERAGE FOR THE PLANNING PERIOD
Projected GVA Growth Rate p.a.	4.7%
Projected Population Growth Rate p.a.	3.4%
Year when structural change in salaries & wages is implemented	2020
Structural change in salaries and wages in 2020	0.0%
Cost Factor of Salaries & Wages	1.0
Cost Factor on Electricity Services	1.0
Cost Factor on Water Services	1.0
Cost Factor on Repairs & Maintenance	1.0
Average Collection Rate	96.2%

12.5. In the Base Case it is assumed that the average GVA growth rate is 4.7% p.a. This is high in comparison to the economic growth rates of recent years but as explained in paragraph 5.4 above, this is informed by the feasibility related to the development of the IDZ. The average population growth rate is 3.4% p.a. No structural change in the expenses for Salaries and Wages (as a result of rationalisation of the staff complement) will be effected. The factor 1.0 against each Expense Item indicates that these will escalate at rates as assumed in the Input Sheet, only to be amended in the determination of the different scenarios. The average revenue collection rate over the planning period is 96.2%, i.e. 3.8% will be impaired.

12.6. The outcome of the Base Case is reflected in the table below:

TABLE 9: BASE CASE OUTCOME

OUTCOME	AMOUNT	UNIT
Average annual % increase in Revenue	11.0%	% p.a.
Surplus accumulated during Planning Period	1 386	Rm
Planning Period cash from operations after debt service	1 261	Rm
Planning Period LT Debt Raised	822	Rm
Planning Period capital investment programme	3 666	Rm
Cash & investments after expiry of the Planning Period	705	Rm

12.7. In the Base Case a surplus of R 1 386 million and operating cash after debt service of R 1 261 million is accumulated during the planning period. Long term debt of R 822 million can be raised for a total capital investment programme of R 3 666 million. The

cash investments after the planning period to back a liquidity reserve and CRR amount to R 705 million.

12.8. The summary projected financial statements for the Base Case are presented in Annexure 3: Base Case Summary Projected Financial Statements.

12.9. A selection of ratios that were identified in SBM's RFP are summarised below. A complete list of ratios is presented in Annexure 3. These ratios are the outcome of the financial model, which represents estimates of an uncertain future and are also not calculated according to the exact accounting definitions of these ratios. They do however provide an indication of the projected future financial performance of SBM.

TABLE 10: SELECTION OF RATIOS (SEE ANNEXURE 3 FOR COMPLETE LIST)

YEAR		1	3	5	7	9	10
RATIOS	Norm	2016/17	2018/19	2020/21	2022/23	2024/25	2025/26
Current Ratio	2 : 1	3.1 : 1	2.8 : 1	3.0 : 1	3.2 : 1	3.2 : 1	3.2 : 1
Debtors Payment Ratio	>95%	96%	95%	94%	93%	93%	93%
Service debtors to service revenue	Not calculated						
Cash from Operations as a % of own Revenue		23%	25%	26%	32%	36%	35%
Minimum Liquidity Level (or Cost Coverage)	1 : 1	4.4 : 1	3.8 : 1	4.3 : 1	4.8 : 1	4.9 : 1	4.9 : 1
External Gearing Ratio (or Debt as a % of Own Revenue)	40%	14%	16%	22%	23%	21%	21%
Level of Grant Dependency		12%	11%	10%	12%	13%	13%

12.10. A scenario analysis shows the changes in outcome for a change of a number of input variables. The input variables that were changed for the different scenarios are presented in **TABLE 11** on the following page. In each of the different cases, the deviations from the Base Case are highlighted. The outcome for each of these scenarios is summarised in **TABLE 12** as they relate to relevant dependent variables.

12.11. The capital investment programme exceeds R4 billion in Case 1 (GVA Rate Increased), Case 7 (Reduced Expenses) and Case 9 (Increased Collection Rate). In Case 8 when the expenses increase by 10%, a capital investment programme of only R 2 669 million can be afforded. The municipality's efforts to manage expenses are absolutely essential as this has a significant impact in future performance.

12.12. The Cash and Investments balance remains positive for all scenarios, but reduces to R 556 in Case 8 (Increased Expenses). The external financing that the municipality can raise ranges between R 514 (Case 8) and R943 (Case 1).

TABLE 11: SCENARIOS: INPUT VARIABLES

	Case 0	Case 1	Case 2	Case 3	Case 4	Case 5	Case 6	Case 7	Case 8	Case 9	Case 10
Description	Base Case	GVA Rate Increased	GVA Rate Declined	Pop growth rate lower	Pop growth rate higher	Structural Change with decrease in Costs	Structural Change with increase in Costs	Reduced Expenses	Increased Expenses	Increased Collection Rate	Reduced Collection Rate
Projected GVA Growth Rate p.a.	4.7%	8.0%	1.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%
Projected Population Growth Rate	3.4%	3.4%	3.4%	3.0%	4.0%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
Year when structural change in salaries & wages is implemented	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020
Structural change in salaries and wages in 2016	0.0%	0.0%	0.0%	0.0%	0.0%	-5.0%	5.0%	0.0%	0.0%	0.0%	0.0%
Cost Factor of Salaries & Wages	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.9	1.1	1.0	1.0
Cost Factor on Electricity Services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.9	1.1	1.0	1.0
Cost Factor on Water Services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.9	1.1	1.0	1.0
Cost Factor on Repairs & Maintenance	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.9	1.1	1.0	1.0
Cost Factor on General Expenses	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.9	1.1	1.0	1.0
Collection Rate	96.2%	96.2%	96.2%	96.2%	96.2%	96.2%	96.2%	96.2%	96.2%	99.0%	92.0%

TABLE 12: SCENARIOS: OUTCOME

Case #	Case 0	Case 1	Case 2	Case 3	Case 4	Case 5	Case 6	Case 7	Case 8	Case 9	Case 10
Description	Base Case	GVA Rate Increased	GVA Rate increased	Pop growth rate lower	Pop growth rate higher	Structural Change with decrease in Costs	Structural Change with increase in Costs	Reduced Expenses	Increased Expenses	Increased Collection Rate	Reduced Collection Rate
Average annual % increase in Revenue	11.0%	12.2%	10.3%	11.3%	11.9%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%
Surplus accumulated during Planning Period	1 386	2 470	993	1 439	1 227	1 497	1 229	2 505	611	1 731	977
Planning Period cash from operations after debt service	1 261	2 377	802	1 239	1 000	1 361	1 046	2 371	459	1 643	762
Planning Period LT Debt Raised	822	943	750	878	900	860	860	860	514	860	826
Planning Period capital investment programme	3 666	4 770	3 184	3 704	3 485	3 796	3 495	4 687	2 669	4 059	3 198
Cash & investments after expiry of the Planning Period	705	922	663	711	716	715	700	980	556	741	656

12.13. We also prepared a combined “Upside” and a combined “Downside” scenario. These scenarios combine a number of realistic negative and positive changes in the input variables, and are shown in [Table 13](#).

TABLE 13: UPSIDE AND DOWNSIDE SCENARIOS: INPUT VARIABLES

Description	Base Case	Upside	Downside
Projected GVA Growth Rate p.a.	4.7%	6.0%	2.0%
Projected Population Growth Rate	3.4%	3.0%	3.6%
Year when structural change in salaries & wages is implemented	2020	2020	2020
Structural change in salaries and wages in 2016	0.0%	-1.0%	1.0%
Cost Factor of Salaries & Wages	1.0	1.00	1.05
Cost Factor on Electricity Services	1.0	1.00	1.05
Cost Factor on Water Services	1.0	0.95	1.00
Cost Factor on Repairs & Maintenance	1.0	1.00	1.00
Cost Factor on General Expenses	1.0	0.95	1.00
Collection Rate	96.2%	97.0%	95.0%

12.14. The outcome of these two scenarios illustrates the sensitivity of this combination of variables.

TABLE 14: UPSIDE AND DOWNSIDE SCENARIOS: OUTCOME

Description	Base Case	Upside	Downside
Average annual % increase in Revenue	10.6%	12.2%	11.0%
Surplus accumulated during Planning Period Rm	967	2 531	664
Planning Period cash from operations after debt service Rm	755	2 442	432
Planning Period LT Debt Raised Rm	690	940	337
Planning Period capital investment programme Rm	3 065	4 711	2 472
Cash & investments after expiry of Planning Period Rm	672	1 016	564

12.15. Only a slight change in input variables has a significant effect on outcome. The accumulated surplus and cash from operations in the Downside is almost R2 billion less than the Upside. The capital investment programme in the Downside is more than R2.2 billion less than the Upside.

12.16. A pessimistic scenario was prepared with the aim of modelling a situation in which the IDZ development will not proceed and Saldanha Steel will be mothballed by 2018,

without resuming production during the planning period. Whereas a shutdown of operations for a few months a year is likely we have assumed continued production until 2018 when Saldanha Steel will be closing. Based on the size of the Metal products, machinery and household appliances sub-sector and employment at Saldanha Steel, the effect of a closure on GVA is a contraction of an estimated 3.3% and job losses (direct, indirect and induced) will amount to a decline in population of 3.8% at that time. The assumptions and outcome for this scenario are presented in the tables below.

TABLE 15: PESSIMISTIC SCENARIO: ASSUMPTIONS

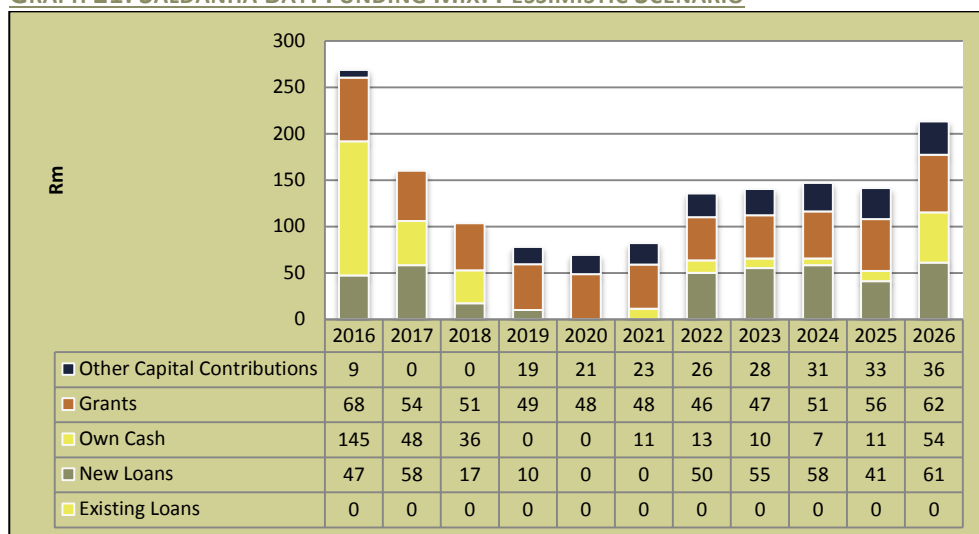
Description	Pessimistic Scenario
Projected GVA Growth Rate p.a.	1.6%
Projected Population Growth Rate	1.1%
Year when structural change in salaries & wages is implemented	2020
Structural change in salaries and wages in 2016	0.0%
Cost Factor of Salaries & Wages	1.0
Cost Factor on Electricity Services	1.0
Cost Factor on Water Services	1.0
Cost Factor on Repairs & Maintenance	1.0
Cost Factor on General Expenses	1.0
Collection Rate	96.2%

TABLE 16: PESSIMISTIC SCENARIO: OUTCOME

Description	Pessimistic Scenario
Average annual % increase in Revenue	8.6%
Surplus accumulated during Planning Period Rm	-259
Planning Period cash from operations after debt service Rm	423
Planning Period LT Debt Raised Rm	397
Planning Period capital investment programme Rm	1 537
Cash & investments after expiry of Planning Period Rm	517

12.17. The combined effect of an IDZ that is not developed and a Saldanha Steel that is mothballed in 2018 will result in the average annual economic growth rate for the planning period reducing to 1.6% p.a. Population growth reduces to an average of 1.1%. This results in an average revenue growth of 8.6% p.a. An accumulated deficit, and cash from operations amounting to R423 million. A capex programme of R 1 537 million can be afforded, which is funded as presented in the graph below.

GRAPH 21: SALDANHA BAY: FUNDING MIX: PESSIMISTIC SCENARIO



12.18. In the Pessimistic Scenario the funding mix to finance capex will consist of the following total for the Planning Period:

Sources of Funds	Amount Rm	%
New Loans	R 397 m	25.8%
Own Cash	R 335 m	21.8%
Grants	R 580 m	37.7%
Other (Cap Contributions)	R 225 m	14.6%
TOTAL	R 1 537 m	100%

13. LIQUIDITY & RATIO MANAGEMENT

- 13.1. Healthy Liquidity is considered the key factor to effectively manage the financial viability of the Municipality in the longer term in conjunction with the necessary financial ratios against which to monitor actual performance. A proposed framework is provided below, within which to manage liquidity, operational performance and external gearing. The indicators provided are interrelated as the weakness in one could be the reason another is limited and therefore the combined performance in terms of all indicators needs to be considered to actively monitor financial performance and against these indicators the turn-around in performance can be measured and reported on to the Management, Council and key stakeholders.
- 13.2. In January 2014 National Treasury issued MFMA Circular No. 71 under the Municipal Finance Management Act No. 56 of 2003. The purpose of this circular is to provide a set of uniform key financial ratios and norms suitable and applicable to municipalities and municipal entities. The MFMA Circular 71 provides a far broader base of ratios as a guideline than proposed below. As an indication the framework below will reflect the proposed MFMA standard where similar ratios are proposed.
- 13.3. INCA considers these ratios as the key indicators and the broader MFMA framework can be considered by the municipality as it further promotes prudent financial management.
- 13.4. The municipality is advised to include these ratios in the relevant revised financial policies:

Liquidity Ratios

- 13.5. Standard Liquidity Ratio (The ability to fully provide for current liabilities with current assets.)
- Minimum norm: 1:1
Healthy norm: 2:1
MFMA norm: 1.5 – 2:1
- 13.6. Quick Liquidity Ratio (The ability to provide for current liabilities with liquid current assets therefore current assets including only 30 day debtors.)
- Minimum norm: 1:1
Healthy norm: 2:1
MFMA norm: None
- 13.7. Minimum Liquidity Level (Holding sufficient cash and investments to fully provide for the sum of unspent conditional grants, short term provisions, ceded investments, cash

backed reserves and provisions and at least one month of operating expenditure (excluding non-cash expenses).

Minimum norm: 1:1

Healthy norm: 1:1 plus an additional month's operational expenditure

MFMA norm: 1 – 3 months

MFMA calculation excludes cash backed reserves and short term provisions; however an additional ratio is stipulated in Circular 71 regarding the Level of Cash Backed Reserves.

- 13.8. Overdraft to Total Income (Preferably a municipality should not have an overdraft facility at all at year end, however should an overdraft facility be used it should not exceed 5% of Total Income.)

Maximum norm: 5%

Healthy norm: 0%

MFMA: None

- 13.9. Other ratios as stipulated below are to be managed at levels applicable to the Municipality and although industry benchmarks exist it is more prudent to set objectives given the financial context of SBM. The following ratios are recommended for consideration and it would be prudent to report hereon on a quarterly basis to the Finance Committee:

Operational Ratios

- 13.10. Total Accounting Surplus (The ability to post an accounting operational surplus where Total Income exceeds Total Expenditure with a positive margin.)

Minimum norm: Break-even of the above calculation

Healthy norm: Positive margin that is maintained

MFMA norm: Break-even or >0

- 13.11. Cash Operating Surplus (The ability to generate surplus cash from operational performance therefore Total Income less conditional transfers less total expenditure excluding non-cash items adjusted for changes in working capital should be positive.)

Minimum norm: Break-even of the above calculation

Healthy norm: Positive margin that is maintained

MFMA norm: None

- 13.12. Repairs and maintenance to Total Expenditure (The ability of the municipality to effectively maintain the infrastructure assets from which it derives its primary income.)

Minimum norm: 5%

Healthy norm: 7%

MFMA norm: 8%

MFMA calculation differs in using the Property, Plant and Equipment (carrying value) as the base of the ratio instead of Total Expenditure.

- 13.13. Consumer Collection Levels (For a municipality to maintain its viability it should maintain its collection levels at least above 90%. Growth in gross consumer debtors including debts written off in the financial year as a percentage of billed income including equitable share, will provide the non-collection level therefore the difference will indicate the consumer collection level.)

Minimum norm: 90%

Healthy norm: 95%+

MFMA norm: 95%

- 13.14. Staff Costs, Allowances and Wages (The level of staff costs, allowances and wages to total operational expenditure needs to be effectively managed to ensure that costs aren't considered too high, but also that the municipality is not under capacitated and employment levels are too low.)

Minimum norm: 25%

Healthy norm: 25% to 30%

MFMA norm: 25% to 40%

External Gearing Ratios

- 13.15. It is important to note that External Gearing ratios are subject to Liquidity ratios being within in recommended levels. A proposed draft Borrowing, Funds and Reserves Policy, which augments the Municipality's existing Funding and Reserves Policy, is attached for consideration.

- 13.16. External Loan Liability Paid Coverage Ratio (The ability to at least cover the External Interest and Capital Payable with the cash generated from operations before interest.)

Minimum norm: 1:1

Healthy norm: 2:1

MFMA norm: None

13.17.External Interest and Capital Paid to Total Expenditure (The percentage of Total Expenditure utilised to service external loan repayments.)

Maximum norm: 10%

Healthy norm: 7.5%

MFMA norm: 6% - 8%

13.18.External Gearing Ratio (The level to which the municipality has geared itself is calculated as Total External Interest Bearing Debt as a percentage of Total Income less conditional grant funding.)

Maximum: 40%

Healthy norm: 35% (the municipality's policy of 25% is very conservative)

MFMA norm: 45%

14.RECOMMENDATIONS

We recommend that the outcome of our assessments, discussions with Executive Management of the Municipality and Capital Investment Model are adopted for inclusion in a long term financial strategy:

14.1. ORGANISATIONAL STRATEGIES

The Municipality will maintain an effective and efficient organisation and promote productivity of all its resources. Very specific strategies to be pursued include:

14.1.1. Implement an Organisation Restructuring Study

Historic events contributed to structural changes in the organisation. Although it is acknowledged that these events gave rise to the need for intervention, the changes that were made are not necessarily viewed as efficient. It is recommended that an Organisation Restructuring Study is undertaken to very specifically address:

- The Area Management model and efficiencies in maintaining infrastructure
- Improvements to the housing delivery chain

14.1.2. Implement Resort Management Options

The municipality owns and operates seven holiday resorts which are not profitable. The losses quoted amount to between R6 and R9 million during the past two financial years. SBM commissioned Grant Thornton to investigate the management model at the resorts and they recommended different models for each resort. We recommend that the proposals made by Grant Thornton are given due consideration. As an alternative to the proposals made by Grant Thornton, consider involving the West Coast District Municipality in the management of the resorts.

14.1.3. Consider transferring the Hopefield old Age Facility

The operation and maintenance cost of the Old Age Home in Hopefield is a burden to the municipality. We recommend that the SBM investigate the feasibility of transferring the asset and operations to an FBO or NGO.

14.1.4. Investigate a PPP model for the provision of the Water Desalination Plant

The SBM is considering the construction of a water desalination plant with a first phase cost estimate of R500 million. This amount is sufficiently large to attract private parties to bid for a classical Public Private Partnership (“PPP”) concession, in which the municipality enters into a PPP Agreement with a Private Party to design, build,

finance, operate, maintain and transfer the plant back to the municipality at the expiry of the concession period for an annual (“take-and-pay”) unitary fee similar to a bulk water purchase price. We recommend that a transaction advisor is appointed to investigate the feasibility and cost-benefit of this delivery method. To this end the municipality is advised to approach the Infrastructure Investment Programme for South Africa (“IIPSA”), a grant funding programme to assist municipalities with project preparation, administered by the DBSA.

14.2. PLANNING STRATEGIES

The Municipality will assess the implication of its long term planning processes on its financial sustainability. Very specific strategies to be pursued include:

14.2.1. Plan for the augmentation of the Water and Energy Sources

The inadequate supply of water and energy to serve future developments is regarded as a high risk. We recommend that the master plans for the provision of these resources receive priority attention.

14.2.2. Improve the Coordination between the IDZ Development and the Municipal Infrastructure Provision

The pace of development of the IDZ is uncertain, but the Licensing Company is proceeding on the basis of certain assumptions and we recommend that the SBM align its provision of infrastructure to that of the IDZ development.

14.3. REVENUE RAISING STRATEGIES

The Municipality will continue to work on diversifying and ensuring growth of its revenue base. The following revenue streams will be maximised:

- Assessment rates
- Revenue from trading services
- Agency fees and fines
- Smart revenue e.g. estate management , adverting rights and other revenue
- Grants
- Donor funding
- Public Private Partnership

14.3.1. Enhance Potential Revenue

During the conversations with Management, various initiatives were identified that could potentially raise the municipality's revenues. We recommend that the SBM investigate the following proposed initiatives for generating revenue:

- Introduction of a municipal court
- Advocate for a small surcharge on top of ESKOM's electricity bill to large consumers be paid over to the SBM
- Introduce a surcharge on tariffs during peak holiday periods
- Increase the surcharge on basic tariffs which caters for the fixed cost element of tariffs and if required, reduce the surcharge on the variable element of the tariff

14.4. COST SAVING STRATEGIES

The Municipality will align the expenditure budget not only to anticipated revenue growth, but very specifically to anticipated cash collections in an attempt to generate both accounting and cash surpluses. Stringent expenditure management remains an important aim.

14.4.1. Save on Expenditure

Notwithstanding the fiscal discipline that ensured containment of expenditure within the realm of revenue streams in the past, with a consequent consistent posting of Accounting and Cash Operating Surplus, there is scope to investigate saving on the following expenditure items. Management identified the following:

- Move towards a paperless environment
- Improve effectiveness of security services
- Share training and development opportunities with other municipalities
- Reintroduce the project prioritisation model
- Expedite transfer of houses to avoid expenses, e.g. insurance
- Improve supervision and limit overtime payments
- Limit appointment of consultants if the in-house capacity exists

14.4.2. Improve Staff Productivity

The Salaries and Wages bill is a large expenditure item. Staff productivity, as expressed by Total Income/Staff Costs, has decreased to 3 in the last four years ending 30 June 2015, from 4 in the preceding financial years. We recommend that interventions at management and supervisory level are introduced to improve productivity and limit new appointments to critical positions only.

14.5. FINANCIAL MANAGEMENT STRATEGIES

The sustainability and financial wellbeing of the Municipality is linked directly to sound financial management. In this regard the Municipality will continuously:

- Ensure that it complies with GRAP standards
- Review and update all policies and procedures annually
- Automate National Treasury reporting templates so as to ensure proper reporting
- Train and develop staff to minimize the use of the consultants
- Document processes to improve on the institutional memory
- Maintain an effective system of expenditure control, including procedures for approval authorization, withdrawal and payment of funds
- Prepare annual financial statements timeously and review performance and achievements
- Preserve and diversify its investment portfolio to maximize returns
- Ensure that multi year forecasts are sustainable

Very specific strategies to be pursued include:

14.5.1. Adopt a Municipal Viability Framework

Healthy Liquidity is considered the key factor for effectively managing the financial viability of SBM in the longer term in conjunction with the necessary financial ratios against which to monitor actual performance. The framework provided in paragraph 13 presents ratios within which to manage liquidity, operational performance and external gearing. We recommend that the Municipality adopts the proposed Municipal Viability Framework in this report for quarterly reporting to Council.

14.6. ASSET MANAGEMENT STRATEGIES

The Municipality will ensure that its assets are properly accounted for and safeguarded. Leveraging on the municipal assets will drive the economic growth and sustainable development of the Municipality. In particular:

14.6.1. Assess Condition of Assets

A review of the asset registers and based on the “Remaining Period” of useful life of these assets, indicates a large amount of R1.2 billion of assets was earmarked for replacement prior to 2016 but has not yet been replaced. We recommend that the asset registers are updated with an accurate assessment of the condition of

infrastructure asset components and that repair and maintenance plans and asset replacement strategies are devised to ensure optimal use of these assets.

14.6.2. Adjust Repairs and Maintenance Budget Upwards

Low levels of Repairs & Maintenance expenditure are inconsistent with Saldanha Bay's high level of Fixed Assets. We recommend that the Repairs and Maintenance Budget is gradually but consistently increased to reach the proposed 8% of carrying value of PPE in the longer term.

14.7. CAPITAL FINANCING STRATEGIES

It is essential to prioritise the allocation of resources to strategic infrastructure assets as part of the long term growth strategy. Public infrastructure such as roads and bulk services for water and sanitation are key in terms of development and growth of the city. For the Municipality to deliver on its core mandate and achieve its developmental goals it needs to explore different funding opportunities.

Municipal infrastructure has a long term economic life and a general principle is that the future users of the infrastructure should contribute towards the payment for capital expenditure by servicing the loans taken up now for immediate implementation of that infrastructure.

14.7.1. Improve the Balance of the Capital Funding Mix

Although it was financially afforded by the municipality - the historic aggressive Capital Investment program lacked Optimal & Balanced Funding. In the recent past little external financing was raised to the detriment of reducing the balance in the CRR considerably. We recommend that the SBM balance its capex funding substantially in line with the proposals in this financial plan.

14.7.2. Prioritise Financing of Asset Replacement from the CRR

The balance of the Capital Replacement Reserve is depleting fast. We recommend that the municipality annually funds its CRR in accordance with its policy (50% of the depreciation charge) and work towards transferring the full depreciation charge to a cash backed Capital Replacement Reserve. The SBM should avoid depleting its CRR in any given financial year, but use 50% of the prior year balance for assets that require replacement.

The SBM may want to limit external funding to the financing of new income generating assets. The SBM's policy on external gearing at a level of 25% is conservative but prudent.

14.7.3. Limit the Bridging of Government Transfers

Currently the municipality builds houses and claims the subsidy after completion of the construction. This impacts on the cash flow of the municipality and although one cannot be prescriptive in these matters we recommend that the SBM be alert and minimise such occurrences.

14.7.4. Improve estimates of Future Capital Contributions

If the IDZ is implemented as expected and associated residential and commercial developments follow, then the capital contributions from developers will become a significant funding source for future capital expenditure. We recommend that the SBM attempt an accurate estimate of future bulk infrastructure requirements and capital contributions to be expected.

We also recommend that developers deposit their contribution (or least 50%) upon signature of the development agreement, before the municipality incurs any expenses to avoid the municipality being out of pocket.

14.8. OPERATIONAL FINANCING STRATEGIES

Operational efficiency will be improved by maximising the collection rates and managing the underlying items of current assets and current liabilities optimally.

14.8.1. Strengthen Credit Controls

The payment ratio was volatile during the past 10 years, and although the collection rate of 98% in FYE2015 is good, the municipality should explore means of improving credit control and debtor management approaches in future.

14.9. FINANCIAL MANAGEMENT POLICIES

The aim of the financial policies is to provide guidance in terms of financial management and ultimately to ensure sound and sustainable management of the fiscal and financial affairs of the Municipality. The Municipality will review its policies annually and enhance its current suit of policies by the inclusion of following policies:

14.9.1. Review and Update Financial Policies

It is recommended that a detailed review and update redrafting of the financial policies be undertaken as a separate assignment due to the cross references between the different policies and to ensure that the set of policies used by Saldanha Bay Municipality reflect consistency and comprehensiveness which supports the LTFF of the municipality.

**ANNEXURE 1: SALDANHA BAY MUNICIPALITY LONG TERM FINANCIAL
PLAN FOR INCORPORATION INTO THE INTEGRATED DEVELOPMENT
PLAN**

[SEE SEPARATE DOCUMENT]

**ANNEXURE 2: INDEPENDENT FINANCIAL ASSESSMENT AGAINST THE
BACKGROUND OF SALDANHA BAY MUNICIPALITY'S DEMOGRAPHIC,
ECONOMIC & HOUSEHOLD INFRASTRUCTURE SITUATION**

[SEE SEPARATE DOCUMENT]

ANNEXURE 3: BASE CASE SUMMARY PROJECTED FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE	0	1	2	3	4	5	6	7	8	9	10
R '000 000	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Revenue											
Property rates	159.70	177.25	187.52	202.37	219.32	237.30	260.12	285.42	313.69	348.47	387.18
Equitable Share	50.95	57.81	64.85	69.99	75.85	82.07	89.96	98.71	108.49	120.51	133.90
Income electricity services	318.22	354.28	396.53	435.39	478.50	521.56	569.02	621.37	679.16	743.00	813.59
Income water services	126.13	135.74	147.72	162.20	178.26	194.30	211.98	231.49	253.01	276.80	303.09
Agency Services	4.27	4.55	4.86	5.19	5.55	5.93	6.36	6.81	7.31	7.85	8.44
Other service charges and income	102.70	114.59	133.30	157.34	183.44	219.62	257.20	299.19	345.84	394.40	448.32
Total Revenue	761.98	844.22	934.79	1 032.48	1 140.90	1 260.78	1 394.64	1 542.99	1 707.50	1 891.03	2 094.52
Expenditure											
Salaries, wages and allowances	-277.55	-295.01	-314.68	-342.02	-368.32	-394.73	-424.33	-455.72	-489.47	-528.52	-567.79
Expenditure electricity services	-211.29	-234.53	-257.98	-277.94	-305.75	-334.88	-376.55	-423.89	-478.34	-551.40	-635.29
Expenditure water services	-63.56	-68.64	-74.13	-85.21	-93.74	-102.67	-115.44	-129.96	-146.65	-169.05	-194.77
Repairs and maintenance	-45.14	-46.49	-47.98	-45.07	-49.58	-54.30	-61.05	-68.73	-77.56	-89.41	-103.01
General expenses	-110.95	-106.77	-105.04	-107.06	-115.00	-122.92	-131.39	-140.23	-149.57	-159.92	-169.85
Total Expenditure	-708.49	-751.44	-799.83	-857.30	-932.38	-1 009.50	-1 108.76	-1 218.52	-1 341.59	-1 498.30	-1 670.71
EBITDA	53.48	92.78	134.96	175.18	208.52	251.28	285.87	324.47	365.91	392.73	423.82
Interest on Long Term Debt	-9.64	-15.04	-15.42	-21.28	-27.85	-34.95	-41.72	-47.65	-52.65	-58.36	-65.19
Interest BB/[OD]	17.83	5.60	4.85	6.58	2.11	2.29	2.48	2.70	2.93	3.18	3.46
Depreciation	-135.75	-140.57	-140.88	-150.00	-153.44	-158.69	-168.41	-178.92	-191.65	-210.91	-232.06
Surplus/Deficit	-74.08	-57.23	-16.48	10.48	29.34	59.94	78.22	100.59	124.54	126.64	130.02

STATEMENT OF FINANCIAL POSITION	0	1	2	3	4	5	6	7	8	9	10
R '000 000	30-Jun-16	30-Jun-17	30-Jun-18	30-Jun-19	30-Jun-20	30-Jun-21	30-Jun-22	30-Jun-23	30-Jun-24	30-Jun-25	30-Jun-26
Current Assets											
Receivables	108.69	120.43	133.35	147.28	162.75	179.85	198.94	220.10	243.57	269.75	298.78
Investment for Liquidity	108.15	118.02	129.19	142.11	157.63	174.61	194.91	217.80	243.75	274.75	309.65
Investment for CRR	75.41	77.71	78.85	99.43	126.43	158.43	197.10	241.69	274.16	305.81	338.55
Other Encumbered Investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cash in Bank	100.01	85.17	113.45	35.73	38.14	40.72	43.51	46.50	49.72	53.20	56.83
Fixed Assets											
Property Plant & Equipment	2 328.39	2 411.06	2 416.44	2 572.79	2 631.80	2 721.80	2 888.67	3 068.83	3 287.20	3 617.55	3 980.30
Investment Property	20.13	20.13	20.13	20.13	20.13	20.13	20.13	20.13	20.13	20.13	20.13
Total Assets	2 740.79	2 832.52	2 891.42	3 017.48	3 136.89	3 295.54	3 543.26	3 815.05	4 118.53	4 541.20	5 004.25
Current Liabilities											
Creditors	95.55	101.34	107.87	115.62	125.75	136.15	149.54	164.34	180.94	202.07	225.32
Bank Overdraft	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ST Non-Interest Bearing Liabilities	26.57	29.97	33.84	38.24	43.25	48.95	55.46	62.90	71.39	81.10	92.21
Long Term Liabilities											
LT Interest Bearing	79.41	122.80	126.42	173.23	224.14	281.66	331.15	371.72	402.36	436.09	483.39
LT Non-Interest Bearing Liabilities	108.95	122.89	138.74	156.78	177.32	200.72	227.42	257.90	292.71	332.52	378.08
Accumulated Surplus & Reserves	2 430.31	2 455.51	2 484.54	2 533.61	2 566.44	2 628.05	2 779.69	2 958.20	3 171.14	3 489.42	3 825.25
Total Liabilities	2 740.79	2 832.52	2 891.42	3 017.48	3 136.89	3 295.54	3 543.26	3 815.05	4 118.53	4 541.20	5 004.25

CASH FLOW STATEMENT	0	1	2	3	4	5	6	7	8	9	10
R '000 000	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Cash In											
Surplus / [Deficit]	-74.08	-57.23	-16.48	10.48	29.34	59.94	78.22	100.59	124.54	126.64	130.02
Add Depreciation	135.75	140.57	140.88	150.00	153.44	158.69	168.41	178.92	191.65	210.91	232.06
Deduct Impairment	-16.18	-17.90	-28.45	-31.47	-45.41	-50.25	-68.59	-75.93	-84.06	-93.08	-103.08
Proceeds from Sale of Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital Grants	68.36	57.67	53.69	52.19	51.79	53.94	108.76	113.21	120.93	175.90	180.49
Other Capital Contributions	28.60	60.00	40.00	40.31	22.65	27.10	66.45	78.55	94.83	158.34	185.06
LT Debt Raised	47.00	58.00	17.00	65.00	75.00	85.00	85.00	85.00	85.00	100.00	120.00
Total Cash In	189.44	241.11	206.64	286.50	286.81	334.42	438.26	480.34	532.89	678.71	744.56
Cash Out											
Invest in PPE	-288.67	-223.24	-146.26	-306.35	-212.45	-248.68	-335.28	-359.09	-410.01	-541.26	-594.81
Invest in Cash Backed Reserves	-112.08	-12.16	-12.33	-33.49	-42.52	-48.97	-58.98	-67.47	-58.43	-62.65	-67.65
Working Capital	-2.66	-5.94	-6.39	-6.18	-5.34	-6.70	-5.71	-6.36	-6.87	-5.05	-5.78
LT Debt Repaid	-10.14	-14.60	-13.38	-18.19	-24.09	-27.48	-35.51	-44.43	-54.36	-66.27	-72.70
Total Cash Out	-413.55	-255.95	-178.37	-364.22	-284.41	-331.83	-435.48	-477.35	-529.66	-675.23	-740.93
Net Cash flow	-224.10	-14.84	28.28	-77.71	2.40	2.58	2.78	2.99	3.23	3.48	3.63
Bank Balance	100.01	85.17	113.45	35.73	38.14	40.72	43.51	46.50	49.72	53.20	56.83

RATIOS		0	1	2	3	4	5	6	7	8	9	10
	Healthy Norm	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Liquidity Ratios												
Current Ratio	2 : 1	3.2 : 1	3.1 : 1	3.2 : 1	2.8 : 1	2.9 : 1	3.0 : 1	3.1 : 1	3.2 : 1	3.2 : 1	3.2 : 1	3.2 : 1
Quick Liquidity Ratio	2 : 1	2.4 : 1	2.2 : 1	2.4 : 1	1.9 : 1	2.0 : 1	2.1 : 1	2.2 : 1	2.3 : 1	2.3 : 1	2.3 : 1	2.3 : 1
Minimum Liquidity Level (or Cost Coverage)	1 : 1	4.7 : 1	4.4 : 1	4.7 : 1	3.8 : 1	4.0 : 1	4.3 : 1	4.5 : 1	4.8 : 1	4.9 : 1	4.9 : 1	4.9 : 1
Overdraft to Total Income	0	0	0	0	0	0	0	0	0	0	0	0
Operational Ratios												
Accounting Surplus	>0	7	43	49	72	58	91	185	216	256	368	393
Cash Operating Surplus	>0	51	87	129	169	203	245	280	318	359	388	418
Cash from Operations as a % of own Revenue		19%	23%	23%	25%	24%	26%	32%	32%	32%	36%	35%
Repairs and Maintenance to Total Expenditure	7.0%	2%	2%	2%	2%	2%	2%	2%	2%	2%	5%	5%
Debtors Payment Ratio	>95%	98%	96%	95%	95%	94%	94%	93%	93%	93%	93%	93%
Staff Costs	25% - 40%	32%	32%	32%	32%	32%	31%	31%	30%	29%	28%	27%
External Gearing Ratios												
External Loan Liability Paid Coverage Ratio	2 : 1	7.2 : 1	6.2 : 1	6.6 : 1	5.6 : 1	4.1 : 1	4.0 : 1	4.6 : 1	4.3 : 1	4.2 : 1	4.6 : 1	4.5 : 1
External Interest and Capital Paid to Total Expenditure	7.5%	2%	3%	3%	4%	4%	5%	6%	6%	6%	7%	7%
External Gearing Ratio (or Debt as a % of Own Revenue)	40.0%	10%	14%	13%	16%	19%	22%	23%	23%	22%	21%	21%
Other:												
Level of Grant Dependency		14%	12%	11%	11%	10%	10%	13%	12%	12%	13%	13%
Operating Surplus Ratio	<5%	1%	4%	5%	6%	5%	7%	12%	12%	13%	17%	16%
Net Financial Liabilities Ratio	<70%	-9%	-3%	-5%	5%	7%	8%	8%	8%	7%	7%	7%
Asset Sustainability Ratio	90% - 110%	56%	55%	56%	66%	82%	100%	117%	135%	143%	145%	146%

These ratios are calculated from the output of the model and can at best only approximate the calculation based on actual accounts.

DEFINITIONS

Liquidity Ratios

Current Ratio	$\text{Current Assets} / \text{Current Liabilities}$
Quick Liquidity Ratio	$(\text{Current Assets} - \text{Debtors} > 30 \text{ days}) / \text{Current Liabilities}$
Minimum Liquidity Level (or Cost Coverage)	$((\text{Cash and Cash Equivalents} - \text{Unspent Conditional Grants} - \text{Overdraft}) + \text{Short Term Investment}) / \text{Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, Provision for Bad Debts, Impairment and Gain and Loss on Disposal of Assets)}$
Overdraft to Total Income	$\text{Overdraft} / \text{Total Operating Revenue}$

Operational Ratios

Accounting Surplus	$\text{Total Operating Revenue} + \text{Conditional Grants} - \text{Total Operating Expenditure}$
Cash Operating Surplus	$\text{Total Operating Revenue} - \text{Total Operating Expenditure} + \text{Working Capital}$
Cash from Operations as a % of own Revenue	$\text{Operating Cash} / \text{Operating Revenue}$
Repairs and Maintenance to PPE	$\text{Total Repairs and Maintenance Expenditure} / \text{Carrying Value of PPE} \times 100$
Debtors Payment Ratio	$(\text{Gross Debtors Closing Balance} + \text{Billed Revenue} - \text{Gross Debtors Opening Balance} + \text{Bad Debts Written Off}) / \text{Billed Revenue} \times 100$
Staff Costs	$\text{Remuneration (Employee Related Costs and Councillors' Remuneration)} / \text{Total Operating Expenditure} \times 100$

External Gearing Ratios

External Loan Liability Paid Coverage Ratio	$(\text{Total Operating Revenue} - \text{Total Operating Expenditure (excluding non-cash items)}) / \text{Capital Cost (Interest Paid and Redemption)}$
External Interest and Capital Paid to Total Expenditure	$\text{Capital Cost (Interest Paid and Redemption)} / \text{Total Operating Expenditure} \times 100$
External Gearing Ratio (or Debt as a % of Own Revenue)	$(\text{Overdraft} + \text{Current Finance Lease Obligation} + \text{Non Finance Lease Obligation} + \text{Short Term Borrowings} + \text{Long Term Borrowings}) / \text{Total Operating Revenue}$

Other Ratios

Level of Grant Dependency	$(\text{Total Grants}) / (\text{Total Operating Revenue})$
Operating Surplus Ratio	$(\text{Operating Revenue} - \text{Operating Expenditure}) / \text{Operating Revenue}$
Net Financial Liabilities Ratio	$(\text{Total Liabilities} - \text{Current Assets}) / \text{Operating Revenue (excl Capital Grants)}$
Asset Sustainability Ratio	$\text{Capex for Replacement} / \text{Depreciation}$

ANNEXURE 4: ASSETS EARMARKED FOR REPLACEMENT

The asset register of the municipality was analysed mechanistically (without engineering judgement) and a replacement schedule of the Annual Replacement Cost of different asset classes was determined. This was done with reference to the “Estimated Useful Life” as recorded in the asset register. The values in the Tables below are in nominal Rand values, escalated to the date of replacement.

TABLE 4.1: SALDANHA BAY: ESTIMATED ANNUAL REPLACEMENT COST AS EXTRACTED FROM THE ASSET REGISTER (RM NOMINAL)

	TOTAL	2014/15 & before	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Infrastructure													
Airport	50.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	27.1	23.1	0.0
Electricity	78.0	6.0	4.1	12.7	0.6	3.3	16.8	0.8	6.9	2.4	1.4	10.5	12.4
Roads	505.3	7.6	20.6	194.2	13.0	2.6	0.8	0.4	24.5	23.6	0.6	194.9	22.5
Sewerage	160.0	15.7	2.4	27.3	1.0	1.6	22.1	0.2	15.1	0.1	6.9	62.7	5.2
Solid Waste Disposal	295.6	104.1	0.0	0.1	1.8	0.1	0.2	20.6	66.7	100.3	0.9	0.0	0.7
Water	94.1	6.3	2.7	8.8	30.2	0.3	0.5	4.6	5.4	6.7	3.4	16.5	8.7
Buildings	3 103.7	1 007.8	0.0	62.8	0.0	13.2	1.3	2.5	1 188.4	0.1	543.0	269.2	15.5
Motor Vehicles	231.4	14.1	17.7	19.1	56.5	19.8	28.9	24.1	0.9	4.9	3.7	15.1	26.6
Other Movable Assets	549.0	73.5	44.6	50.0	40.1	49.9	46.3	49.7	22.3	32.5	66.9	42.1	31.1
Heritage/Inv Property/Mun Land/Servitudes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	5 067.3	1 235.12	92.12	375.07	143.27	90.57	116.94	102.82	1 330.08	170.60	654.00	634.08	122.60

We have amended the estimated replacement costs. This was achieved by:

- Assuming that the actual remaining life of Buildings will exceed the life recorded in the asset register,
- Assuming that only 20% of buildings will be replaced when their estimated useful life expires,
- Spreading replacement not done in the past over a number of future years, and
- Smoothing the constant 2015 value over the Planning Period and reverting these back to nominal values.

The outcome of this analysis is presented in the Table below:

TABLE 4.2: SALDANHA BAY: SPREAD, REVISED, REDUCED AND SMOOTHED ESTIMATED ASSET REPLACEMENT COST (RM NOMINAL)

		0	1	2	3	4	5	6	7	8	9	10	
	TOTAL	<=2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
ARC (Rm Nominal) Original	5 067.3	1 235.1	92.1	375.1	143.3	90.6	116.9	102.8	1 330.1	170.6	654.0	634.1	122.6
ARC (Rm Nominal) Historic spread into future, Revised & Reduced	2 604.4	-	137.2	369.9	188.3	125.1	161.0	145.9	424.4	215.6	253.7	452.8	130.4
ARC (Rm Constant 2015)	1 779.4	-	128.8	326.1	155.9	97.3	117.5	100.0	273.1	130.3	144.0	241.2	65.2
ARC (Rm Constant)(Smoothed)	1 779.4	-	161.8	161.8	161.8	161.8	161.8	161.8	161.8	161.8	161.8	161.8	161.8
ARC (Rm Nominal)(Smoothed)	2 648.2	-	172.3	183.5	195.4	208.1	221.6	236.0	251.4	267.7	285.1	303.7	323.4

ANNEXURE 5: NEW CAPITAL INVESTMENTS

The IDP does not provide a long term (10 years plus) indication of capex requirements. With regard to the Water and Sewerage sector we obtained a long term cost estimate from the Engineering and Planning Directorate and also obtained an indication of other capital investment needs expressed by management during our conversation with them and conversation with representatives of the IDZ Licensing Company. Our interpretation of these long term capital demands as presented to us by Saldanha Bay is reflected in the table below:

TABLE 5.1: TOTAL CAPEX DEMAND AS PRESENTED BY SBM (Rm)

	Past	0	1	2	3	4	5	6	7	8	9	10
	Estimates	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Infrastructure												
Electrical ²	86.3	27.5	28.4	30.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Water ³	190.6	1.2	3.4	0.6	0.4	107.1	24.0	15.9	12.0	3.8	138.2	8.9
Sewer ⁴	89.8	8.4	0.5	10.1	3.3	33.9	9.8	14.7	0.5	2.3	48.3	10.1
Solid Waste ⁵	28.5	3.7	11.4	6.1	0.0	14.0	0.0	0.0	0.0	0.0	0.0	0.0
Streets ⁶	115.4	47.4	38.9	20.9	13.1	14.0	0.0	0.0	0.0	0.0	0.0	0.0
Stormwater ⁷	-											
Total		88.4	82.6	68.1	16.8	169.1	33.8	30.6	12.5	6.0	186.5	19.0
Fire Station	5.7	0.0	0.0	7.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ICT Network	8.0	0.0	0.0	9.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cemeteries	4.0	0.0	0.0	0.0	0.0	0.0	6.0	0.0	0.0	0.0	0.0	0.0
Other Infrastructure (incl. external infra for IDZ)	145.0	38.8	41.5	44.4	47.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Capex	167.2	89.2	49.6	49.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Saldanha Bay Total		216.3	173.7	178.9	64.3	169.1	39.8	30.6	12.5	6.0	186.5	19.0

Notes:

1. Conversation with Directorates, IDP and Water & Sewerage updated Capex estimates
2. IDP for MTREF Period only
3. Info Provided: Table SBW 6.4(a) Proposed works, cost estimates & phasing - Future System
4. Info Provided: Table SBS 6.5(b) Proposed projects, cost estimates and phasing - Future System
5. IDP for MTREF period and Conversation with Director: New cells in 2 and 4 years at R10m each
6. IDP for MTREF Period only and Conversation with Director: Resealing of roads R10m p.a. for 5 years
7. Not available (included in Roads)

The municipality's MTREF reflects the following capex amounts for the period 2015/16 to 2017/18:

TABLE 5.3: MTREF CAPEX (RM)

	2015/16	2016/17	2017/18
MTREF Cap Budget	269.4	132.1	98.9

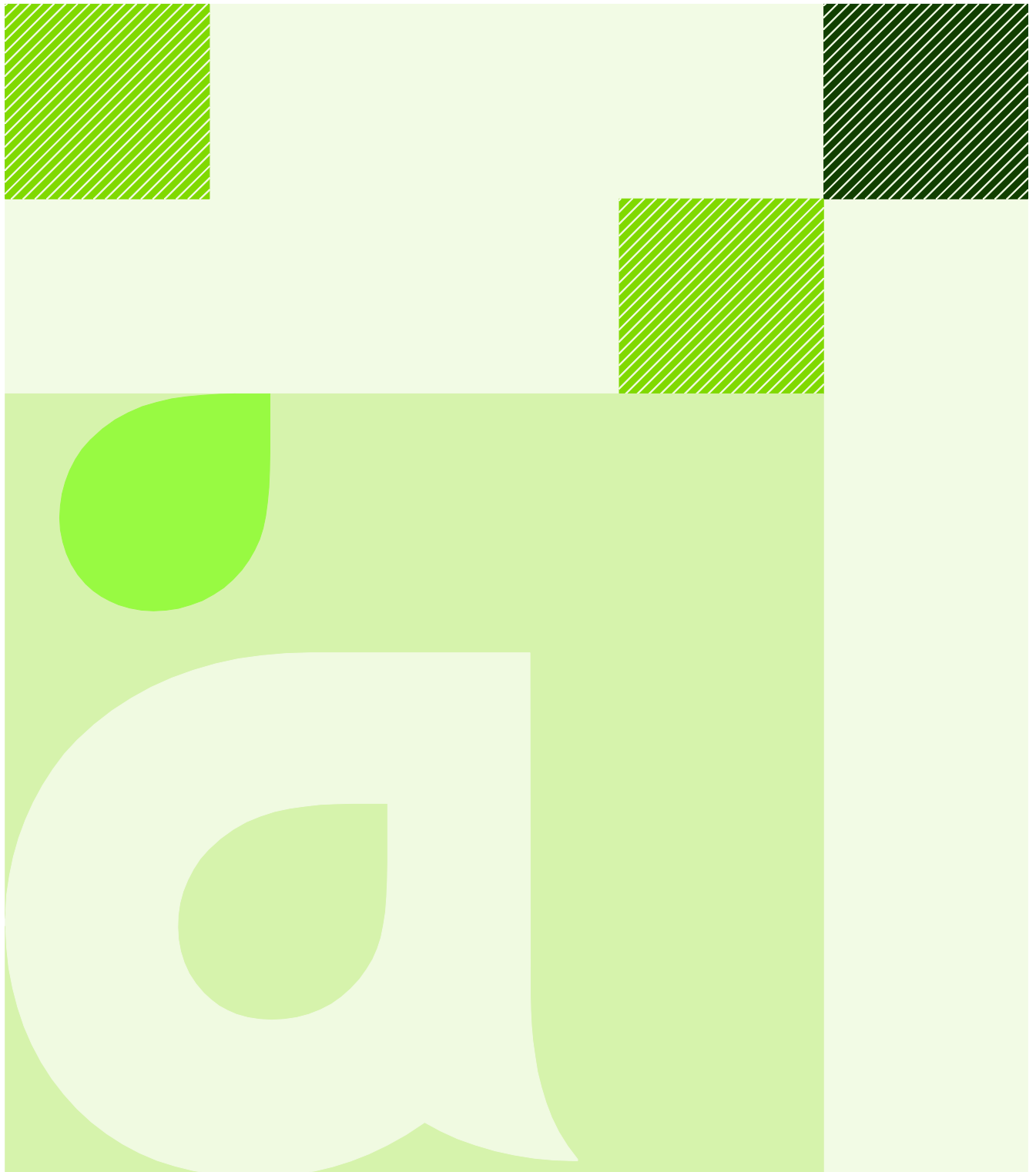
We did an independent high level estimate of future new capital expenditure based on a number of assumptions. The Table below presents an estimate of the New Infrastructure Demand for the period 2015/16 to 2025/26 and is based on a quantification of infrastructure backlogs and infrastructure required for new household formation as well as Moveable and Other Assets. In the estimates it is assumed that the development of IDZ will proceed along the development pace reported on in Chapter 5 of this report.

TABLE 5.2: INCA ESTIMATE OF FUTURE NEW CAPITAL EXPENDITURE DEMAND (Rm)

Year	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Opening Balance of Households	31 701	32 669	33 635	34 528	35 384	36 229	38 510	40 947	44 906	49 105	54 912
Add new household formation	969	966	893	856	844	2 281	2 437	3 959	4 199	5 807	5 787
Closing Balance of Households	32 669	33 635	34 528	35 384	36 229	38 510	40 947	44 906	49 105	54 912	60 699
# Housing											
Eradicate Backlogs	544	544	544	544	544	544	544	544	544	544	0
New Households	969	966	893	856	844	2 281	2 437	3 959	4 199	5 807	5 787
Total No of Households Provided with Infrastructure	1 512	1 510	1 437	1 400	1 388	2 825	2 981	4 502	4 743	6 351	5 787
# Households for which Infrastructure Backlogs Need to be Eradicated											
Water	20	20	20	20	20	20	20	20	20	20	0
Sanitation	157	157	157	157	157	157	157	157	157	157	0
Electricity	55	55	55	55	55	55	55	55	55	55	0
Cost Estimates (Rm)											
Water	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.0
Sanitation	1.5	1.6	1.7	1.8	2.0	2.1	2.3	2.4	2.6	2.8	0.0
Electricity	0.7	0.7	0.8	0.9	0.9	1.0	1.1	1.1	1.2	1.3	0.0
Housing											
Internal Infrastructure	101.1	108.0	110.0	114.7	121.7	265.0	299.2	483.5	545.0	780.8	761.2
Bulk Infrastructure	100.3	107.2	109.1	113.8	120.7	262.9	296.8	479.6	540.6	774.5	755.2
Total Infrastructure Cost Estimate	203.8	217.7	221.8	231.3	245.4	531.1	599.4	966.9	1 089.7	1 559.6	1 516.4
Allow for Movable and Other Assets	20.4	21.8	22.2	23.1	24.5	53.1	59.9	96.7	109.0	156.0	151.6
Total New Capex Estimate	224.2	239.5	244.0	254.4	270.0	584.2	659.4	1 063.6	1 198.6	1 715.6	1 668.0

**ANNEXURE 6: EVALUATION OF KEY POLICIES OF SALDANHA BAY
MUNICIPALITY AS PART OF THE APPOINTMENT OF IPM TO DEVELOP A
LONG TERM FINANCIAL PLAN (LTFP) – TENDER 111/15**

[SEE SEPARATE DOCUMENT]



aurecon

Saldanha Bay Local Municipality Integrated Waste Management Policy

Reference: 111504

Prepared for : Saldanha
Bay Local Municipality

Draft: 1

15 January 2016



1. INTRODUCTION

Background

Saldanha Bay Municipality occupies a small geographical area of the entire West Coast; but it has, in the past two decades, experienced a population growth that is generally three times higher than population growth in the Western Cape Province and the country at large. Between 1996 and 2001 population in Saldanha Bay Municipality grew by 6.6% compared to the population growth in the Western Cape Province and the country at large where the population growth was 2.7% and 2% respectively (SBLM LED STRATEGY). According to SA STATS 2014 mid-year estimates the population in Saldanha Bay Municipality will grow by 3.45% compared to the South African population which will grow by 1.58%.

The population and economy of Saldanha Bay Municipality is expected to grow even faster in the coming five years as a result of the approval of Saldanha Bay Industrial Development Zone and the fact that Saldanha Bay Local Municipality is earmarked as a regional engine for the development of the Western Cape Province. Population and economic growth in the municipal area will result in an increase in consumerism and the volume of waste generated.

The Municipality therefore recognises the need to adopt an integrated waste management policy in order to regulate waste management within its area of jurisdiction and to ensure that it has the capacity to deal with the expected increase in the generation of waste.

2. LEGISLATIVE AND POLICY FRAMEWORK

This policy is based on the following legislative and policy framework:

2.1 The Constitution of South Africa, 1996

According to section 24:

Everyone has the right -

- (a) to an environment that is not harmful to their health or well-being; and
- (b) to have the environment protected, for the benefit of present and future generations, through reasonable legislative and other measures that -
 - (i) prevent pollution and ecological degradation;
 - (ii) promote conservation; and
 - (iii) secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development.

This poses a duty on all organs of state to promulgate legislation and to implement policies that ensure that this right is upheld. Section 152 of the Constitution requires that Municipalities

ensure the provision of services to communities in a sustainable manner and to promote a safe and healthy environment.

According to section 156 of the Constitution read with Schedule 5B refuse removal, refuse dumped and solid waste disposal are local government matters.

2.2 Municipal Systems Act, 2000 (Act 32 of 2000)

The Act requires the Municipalities to ensure that local communities have access to at least the minimum level of the basic municipal services. The Act further requires municipal services be equitable, sustainable and be provided in a manner that is economic, efficient and effective.

Section 75(A) provides that Municipalities levy and recover fees, charges or tariffs in respect of municipal services.

The Act also defines alternative approaches that may be employed in delivering municipal services and the processes to be followed when such alternatives are considered. The need for integrated planning and performance monitoring of both external and internal mechanisms (Section 76) of service delivery are emphasised in the Systems Act.

The Act further mandates communities to be encouraged to participate in strategic decisions making relating to service delivery.

2.3 National Environmental Management Act, 1998 (107 of 1998)

The Act creates an enabling environment for the development of national policies and legislation relating to various environmental issues, including waste. It also introduces the waste hierarchy, the best practicable environmental option and the polluter pays as foundational principles for waste management.

2.4 Environmental Management: Waste Act, 2008 (Act 59 of 2008)

Section 3 of the Waste Act requires municipalities to put in place uniform measures that seek to reduce the amount of waste that is generated and, where waste is generated, to ensure that waste is re-used, recycled and recovered in an environmentally sound manner before being safely treated and disposed of.

Section 9 of the Act requires municipalities to exercise their executive authority to deliver waste management services, including waste removal, waste storage and waste disposal services, in a manner that does not conflict with national and provincial norms and standards set in terms of Sections 7 and 8 of the Act.

Section 10 requires Municipalities to appoint Waste Management Officers to co-ordinate matters pertaining to waste management.

Municipalities are further required to develop an integrated waste management plan IWMP (section 11); the contents of which must include, amongst other things:

- a situational analysis with regard to the population and development profiles, types and quantities of waste generated and waste management activities carried out within the municipality;
- details of how the Municipality intends to give effect to Chapter 3 of the National Environmental Management Act and the objects of Waste Act, in respect of waste management;
- how the Municipality will identify and address the negative impact of poor waste management practices on health and the environment; provide for the implementation of waste minimisation, re-use, recycling and recovery targets and initiatives; to address the delivery of waste management services to residential premises; to give effect to best environmental practice in respect of waste management;
- set out the priorities and objectives of the municipality in respect of waste management;
- establish targets for the collection, minimisation, re-use and recycling of waste;
- set out the approach of the municipality to the planning of any new facilities for disposal and decommissioning of existing waste disposal facilities;
- indicate the financial resources that are required to give effect to the plan; and
- describe how the municipality intends to give effect to its integrated waste management plan.

2.5 White Paper on Integrated Pollution and Waste Management for South Africa, 2000

In this policy South Africa adopted a new approach to waste management which emphasises the importance of preventing pollution and waste and avoiding environment degradation and introduces a move away from the end-of-pipe treatment.

2.6 National Waste Management Strategy, 2011

The Strategy is National Policy aimed at achieving the objects of the Waste Act Some of the goals set in the Strategy are to:

- promote the implementation of the waste hierarchy
- ensure effective and efficient delivery of waste services
- grow the contribution of the waste sector to the green economy
- ensure that people are aware of the impacts of waste on their health, well-being and the environment

A number of goals have been set in National Waste Management Strategy which requires Municipalities to reach the following targets:

- of separation at source by 2015

- 25% of recyclables diverted from landfill sites by 2015
- 95% of urban households and 75% of rural households must have access to adequate levels of waste collection
- 80% of landfill sites permitted by 2016
- IWMP integrated with IPD by 2016
- full-cost accounting for waste services conducted by 2016
- implementation of cost reflective tariffs by 2016

2.7 National Domestic Waste Collection standards, 2011

National domestic waste standards have been set in terms of Section 7 of the Waste Act and provides as follows:

- equitable waste collection services must be provided to all households within the jurisdiction of the municipality
- all domestic waste must be sorted at source
- recyclables must be collected at households or communal collection points by the municipality or service providers contracted by the municipality
- non-mainstream recyclables must be routed to clearly marked drop-off centres at well-advertised locations for collection by service provided in the relevant recycling sector
- receptacles for the storage of non-recyclable waste must not be bigger than 240 Litres and must be fit for the purpose
- non-recyclable waste must be removed at least once a week
- recyclables must be removed at least once in every two weeks
- waste deposited at communal collection points and bulk containers must be collected within 24 hours of being reported full or at regular intervals so as to avoid vermin and health risks.
- collection vehicles used must be the most appropriate for the specific task and geographical terrain.

These standards are applicable to all the different levels of domestic waste collection.

2.8 National Norms and Standards for Assessment of Waste for Landfill Disposal

The National Norms and Standards for the assessment of waste for landfill disposal prescribe the requirements for the assessment of waste prior to landfill.

2.9 National Norms and Standards for disposal of Waste to Landfill

The norms and standards for disposal of waste to landfill stipulate the waste acceptance criteria for disposal to landfill and the various waste disposal restrictions.

2.10 Waste Classification and Management Regulations

These regulate classification and management of waste to give effect to provisions of the NEMA.

2.11 Measurable Performance and Accountable Delivery: Outcome 10, 2010

Outcome 10:

“Environmental assets and natural resources that are well protected and continually enhanced”

Waste management contributes to output 2 and output 3. Output 2 deals with the reduction of greenhouse gas emissions, climate change impacts and improved air quality. Waste minimisation, diversion of waste from landfill, composting and reduction of resource consumption will reduce CO₂.

Less and better managed waste is a key component of output 3, viz, sustainable environmental management.

Solid waste management is regarded as being important to sustainable environmental management.

2.12 National Policy for the Provision of Basic Refusal Removal Services to Indigent Households, 2011

The purpose of this policy is to ensure that the poor households have access to at least basic refuse removal services.

2.13 National Policy on Thermal Treatment of General and Hazardous Waste, 2009


It is the national government policy that thermal waste treatment be part of a range of technologies that are incorporated into the country's waste management system to ensure environmentally sound management of waste in the country.

The minimum emission standards which all general and hazardous incinerators must comply with are regulated by the Minister of Environmental Affairs in terms of Section 21 of National Environmental Management: Air Quality Act 39 of 2004.

2.14 Expanded Public Works Programmed (EPWP)

The programme provides for the utilisation of local labour on short-term projects, preferably using labour from communities in need.

2.15 Provincial and District Municipality's Legislation and Policies

- West Coast District Municipality Disaster Management Framework, 2006 which provides guidance in disaster management and facilitates cross-functional and multi-disciplinary co-operation amongst the different role-players 

3. SCOPE OF THIS POLICY

This policy applies to the management of all waste within the municipal area. The definition of waste in the Waste Act is applicable in this policy. The term waste management as used in this policy refers to entire waste cycle and includes activities such as the minimisation, separation, collection, sorting, treatment, processing, reusing, recycling, storing, transporting and disposal of waste.

This policy applies to:

- all individuals residing or visiting Saldanha Bay Municipality;
- entities doing business or providing private or public services ;
- all service providers operating in the waste management industry

4. PURPOSE OF THIS POLICY

The purpose of this policy is to:

- ensure that waste management practices in the municipal area conforms to the Waste Act, national waste management strategy and other national and provincial waste management laws and policies;
- set forth waste management hierarchy principles as the overall; approach that will form the basis of waste management in the municipality;
- ensure and regulate provision of waste management services;
- promote equitable access to waste management services;
- facilitate social and economic development and job creation in the waste management sector;
- provide for a sustainable and economically viable funding strategy for the provision of waste management services;
- provide for infrastructure and assets required for the provision of waste management service by the municipality ;
- enable the municipality to set tariffs and provide for incentives and disincentives to encourage waste minimisation and waste avoidance; and
- provide a basis for the promulgation of a Waste Management By-law that will regulate waste generation and waste management services in the municipal area.

5. POLICY OBJECTIVES

The objectives of this policy are to:

- ensure that waste is managed in an integrated manner;
- promote waste avoidance and minimisation;
- facilitate and encourage separation of waste into different streams at source by all waste generators, including households, government and business;
- facilitate diversion of recyclable and re-usable waste from landfill;
to ensure that all waste generators receive a service from a legitimate waste service provider according to the municipality's statutory obligations and prerogatives
- ensure that waste management processes and methods practiced within the municipality are not harmful to the environment or human health; and
- promote local economic development by capitalising on the economic value in waste.

6. REGULATION AND CONTROL BY THE MUNICIPALITY AS THE SERVICE AUTHORITY

The Municipality is the service authority and regulator for waste management services within the municipal area and must ensure that adequate and sufficient waste collection services are provided in the municipal area.

The Municipality must select suitable, equitable and sustainable service delivery mechanisms for provision and integration of the waste management service. The mechanism may be an external mechanism, an internal mechanism or a public-private-partnership.

Service providers may provide waste management services only after the Municipality has exercised its duty and prerogatives in terms of the Municipal Systems Act and the Constitution, and must provide their services in accordance with the principles and standards set out in this policy, and in accordance with the applicable statutes and regulations.

Service providers who operate within the municipal area must be registered and accredited by the Municipality in writing; and must, where applicable, also be in possession of a valid license issued by the national or provincial authorities

7. MUNICIPALITY'S RESPONSIBILITIES

7.1 General Responsibilities

The Municipality's general responsibilities are:

- to monitor and regulate waste services, in order to ensure that statutory waste management obligations and service standards are met, whether the service is provided through an internal department, through a private entity contracted via the Municipality's tender


processes, a Public-Private Partnership, through a community partnership or any other mechanism;

- to facilitate separating, recycling and reusing of waste
- where the Municipality is the service provider-
 - to provide appropriate receptacles at a cost determined by the Tariff Policy and/or Tariff By-law, for the storage and accumulation of waste prior to collection;
 - to schedule days and routes, which may change from time-to-time due to operational considerations, for the collection of waste on a routine basis,
 - to bill persons or entities receiving a routine waste management service from the Municipality accurately and timeously in terms of the Tariff Policy and/or Tariff By-law,
 - to recover costs incurred by the Municipality for the removal and disposal of waste in terms of the Tariff Policy and/or Tariff By-law, including administration costs, from whomsoever is responsible for waste, litter or illegal dumping removed and disposed of by the Municipality;
- to do general area cleaning and cleansing on a “boundary-to-boundary” basis on public property and terrain that the Council is responsible for;
- to ensure that all waste management infrastructure, equipment and vehicles in the Municipality’s boundaries conform to statutory requirements for the handling, storage, transporting and disposal of different streams of waste;
- to set rates and tariffs for routine and special waste management services as per the Tariff Policy and/or Tariff By-law, which are payable by all property owners or persons or entities receiving the services, subject to various other policies of the Municipality; and
- to ensure that where the Municipality has exercised its prerogative not to provide a waste management service, that such services are provided to affected stakeholders.


7.2 The Municipal Manager

The Municipal Manager is ultimately responsible for ensuring that waste is managed in accordance with legislative requirements of South Africa.

7.3 Waste Management Officer

 The Waste Management Officer designated in terms of Section 10 (3) of the Waste Act; whose responsibility is to co-ordinate matters pertaining to waste management in the Municipality.

7.4 Waste Management Department

 The Waste Management Department is responsible for integrating waste management services and for enforcing this policy and related By-law.

7.5 Political Structures of the Municipality

The responsibility of the political structures in the Municipality is to monitor the outcomes of service delivery, and to report deficiencies to service departments for corrective action.

8. OTHER STAKEHOLDERS' RESPONSIBILITIES

Waste management is not the exclusive preserve of government. The private sector and civil society have crucial roles to play in ensuring that the Municipality's waste management objectives are met.

Fostering of partnerships between government and the private sector is a prerequisite for sustainable and effective pollution and waste management to take place. Similarly, the spirit of partnerships and co-operative governance between organs of state is equally important due to the crosscutting nature of pollution and waste management.

The National Department of Environmental Affairs provides leadership and guidance to enable municipalities and other spheres of government to meet their executive obligations in respect of waste management. The Department provides the leadership and guidance through, amongst other things, policy, strategy and legislation.

Provincial governments are responsible for monitoring and enforcing waste management measures within their provinces.

All members of society, including business and government agencies, contribute to waste generation and should therefore be part of the solution to the problem of pollution and waste.

The following are responsibilities of the stakeholders:

- all stakeholders must avoid generating waste as far as possible, and where waste generation cannot be avoided they must separate the waste they generate at source;
- waste generators must transport recyclables or have these collected at their own cost to specially-provided facilities, where the recyclable materials must be placed in separate bulk containers or a separate area provided at the facility;
- all property owners, residents and business entities must engage with the Municipality's Solid Waste Management Department to ensure they understand their responsibilities regarding integrated waste management and the cross-impacts of their activities on other stakeholders and the environment;
- all stakeholders must ensure they have a valid contract with a service provider for waste collection and disposal – residents and commercial businesses must have a contract with the Council unless otherwise determined;
- all events organised and hosted in the Municipality must have a waste management plan approved by the municipality;
- all residents, property owners, government departments, non-governmental or community service organisations, and business entities must be registered with the Council for planning and determination of waste management services.

- all entities and individuals wishing to engage in waste management activities within the municipal area such as commercial waste minimisation and recycling activities, as well transportation and storage of waste must be accredited by the Municipality;
- industrial and health care entities must have a contract with an accredited service provider who is able to provide a service according to the nature of the waste that must be collected, treated, recycled or disposed of;
- property owners of vacant land and occupants of a property are responsible for maintaining cleanliness and hygiene standards on the vacant land or inside the boundaries of the property in terms of the Municipality's applicable By-laws. The Municipality reserves the right to clean waste and overgrowth that accumulates on such land at the owner's expense;
- property owners and/or developers of land and buildings must provide for waste management infrastructure according to the Municipality's guidelines, and must submit a waste management plan as part of the Municipality's plans approval process.

9. WASTE AVOIDANCE, MINIMISATION AND PREVENTION

The Municipality acknowledges that avoiding generation of waste and reducing the volume and toxicity of waste generated is the foundation of the waste management hierarchy and the National Waste Management Strategy.

Waste avoidance and minimisation requires cooperation of all stakeholders. Waste avoidance and minimisation extends to production, packaging, consumption and waste generation cycle.

Manufacturers are expected to adopt additional efforts with regard to "cleaner production and sustainable consumption by improving product and packaging designs and reducing resource consumption. They must also be willing to accept their used products back for recycling and/or final disposal in terms of the extended producer responsibility.

The Municipality may require generators of specific types of waste to submit waste management plans; which should include targets and strategies for waste reduction through minimisation, re-use, recycling and recovery measures.

The Municipality commits to:

- play an enabling and facilitation role to provide an environment in which all stakeholders are able to contribute to minimisation of waste in businesses and the society in general by establishing relevant partnerships and networks;
- conduct awareness and education campaigns to disseminate information regarding waste diversion, minimisation and recycling;
- adopt and regularly review an Integrated Waste Management Plan to give effect to all efforts to minimise and manage waste;

- formulate an internal waste management plan aimed at ensuring internal implementation the waste minimisation and waste management principles contained in this policy and other applicable policies and legislation within the Municipality;
- procure goods on a preferential basis from manufacturers, agents and providers that undertake to minimise waste during production and manufacturing, and who subscribe to the principles of cleaner production, sustainable consumption and extended producer responsibility;
- engage with business and industry, either through representative bodies, or with individual organisations to enable or provide certain infrastructure and services, through various private, industry-specific and public-private initiatives that will be needed for waste minimisation; and
- promulgate legislation for enforcement of the principles contained in this policy.

Consumers will be required to change their behavioural patterns to avoid and reduce waste by not littering or dumping waste illegally; and by practicing separation and reuse of waste, as well as diversion of recyclables.

10. RECYCLING AND RE-USE

10.1 Infrastructure to enable diversion of waste from landfill

The Municipality will ensure provision of waste diversion infrastructure or drop-off sites where private individuals may bring and deposit limited amounts of recyclable waste in demarcated areas or containers, subject to affordability criteria. The Municipality will determine which recyclables will be accepted at these facilities. Other stakeholders may also use these facilities at the Council's prerogative and approval.

Commercial and industrial stakeholders must engage directly with recyclers to ensure recyclables are diverted away from landfill sites.

Other diversion or recycling infrastructure may be provided by any entity at its own cost, as long as it has met all the statutory and the Council's requirements applicable to the establishment, operation or decommissioning of such facilities.


Developers must ensure that adequate waste management facilities (e.g. waste rooms that include recycling facilities) are included in plans submitted to the Municipality for approval of high density buildings. The Municipality will decide on the adequacy of the facilities, taking into account the nature and the size of the development.


10.2 Processing of waste and markets for recycled materials

Developing infrastructure for processing waste for reuse and recycling and developing markets for recycled materials and products is not part of the Municipality's Constitutional mandate and must therefore be spearheaded by the private sector.

The Municipality will, however, encourage and support development initiatives that will enable and facilitate economic opportunities and job-creation linked to the establishment of processing and recycling businesses in the Municipality within the context of its Local and Economic Development Strategy.

11. WASTE MANAGEMENT DURING PUBLIC EVENTS


It is the Municipality's policy that the planning for all events hosted  within the Municipality's boundaries must include a provision for waste management services and payment for these services. This includes events that are planned and organized by the Municipality, by a government department or a committee sponsored by such a department, by any other body or institution, or by a private entity. Event organisers must submit an integrated waste management plan consistent with this policy and relevant By-law to the Municipality in respect of storage, collection, recycling and disposal of waste at and after such event. If the Municipality provides any or all of the waste management services, event

 organisers will be billed accordingly and they must pay a deposit. If an event organiser neglects to obtain waste management services, the Council reserves the right to bill the organiser for any expenses incurred for cleaning, cleansing and disposal services.

12. EMERGENCIES AND DISASTERS REQUIRING MANAGEMENT OF WASTE

The Municipality's Solid Waste Management Department is responsible for the provision of waste management services that might be required following an emergency or a disaster.

The following principles apply to the Solid Waste Management Department's roles and responsibilities in case of an emergency or a disaster:

- 
 - the Director Solid Waste Management will ensure that a waste management plan is drawn up as part of the preparatory work necessary to enable the Department to respond appropriately to both man-made and natural disasters, and that the plan is aligned to the Municipality's (or the district municipality's) Disaster Management Plan;
 - the Director will inform and appoint officials from the Department in accordance with the roles envisaged by the Disaster Management Plan and the Department's specific plan for managing waste during emergencies and disasters;
 - the Director will ensure that staff receive appropriate emergency response training to safeguard them while taking part in disaster or emergency response activities;
 - the Department will coordinate efforts and activities required for clearing and

cleaning debris and pollution effects on land, as well as for transporting and disposing the waste at appropriate landfill sites;

- the responsible department for aquatic areas and infrastructure will be responsible for the clean-up of debris and pollution on water bodies, whilst the Department of Solid Waste Management will be responsible for coordinating the transport and disposal of waste to appropriate landfill sites;
- the rehabilitation and repair of infrastructure, buildings, equipment or areas in the natural environment that is the Municipality's responsibility will be the responsibility of the functional relevant department in the Municipality;
- the management of hazardous or dangerous waste during a disaster will be done in conjunction with, and under instruction of the senior official of the Emergency and Fire Service Department at the disaster or emergency site;
- the Department will make resources available in accordance with the scale and type of disaster, which may include:
 - staff to coordinate waste management efforts regarding the emergency or disaster in question;
 - staff to actively participate in waste management activities to stabilise the situation and clear the effects arising from the disaster;
 - sourcing additional equipment and human resources through contractual means as is required by the official controlling the disaster response effort, and in accordance with provisions for procuring such services and equipment during an emergency.



13. ILLEGAL DUMPING

Illegal dumping refers to the unlawful depositing and disposal of waste on either public property or private property. The prevention of illegal dumping is dependent on available infrastructure, public reporting, law enforcement.

It is the Municipality's policy to proactively endeavour to provide facilities located in strategic places around the municipal area for the diversion of waste (specifically garden waste, recyclables, residential hazardous waste, and builder's rubble). It will also conduct awareness and education campaigns with the help of Ward Committees with the view to discourage illegal dumping and to encourage the reporting thereof. As a reactive step, the Municipality will use the relevant By-law coupled with financial disincentives to discourage illegal dumping in the Municipality.

Illegal dumping on private property that is cleared by the Municipality will be at the expense of the property owner.

14. WASTE FROM OUTSIDE THE MUNICIPAL AREA

It is the Municipality's policy that waste generated outside Saldanha Bay Municipality may be managed within the municipal area, subject to the terms and conditions stipulated by the Municipality.

15. ACCREDITATION OF SERVICE PROVIDERS

When a service provider has met all the statutory and Council requirements, the Council will accredit the service provider through an administrative process determined by the applicable Council policies.

All service providers involved in waste management activities within the boundaries of the Municipality, including persons who operate recycling facilities and other waste minimisation facilities, waste transporters and persons operating waste treatment, recovery and disposal facilities must be accredited by the Municipality through an administrative process determined by the Municipality. They must also be properly licensed by the relevant licensing authority where applicable. The Municipality may impose accreditation conditions in addition to the license conditions that may have been imposed by the licensing authority.

16. WASTE INFORMATION SYSTEM

The Municipality acknowledges that collection and monitoring of information on waste generation and waste management is crucial for the implementation of waste reduction measures.

The National Waste Management Strategy requires that a national database and system be set up to track waste as part of the waste minimisation strategy.

The Municipality will accumulate and coordinate data, and process the information that should be provided as per the National Waste Management Strategy requirements by means of a local Waste Information System. To accomplish this, the Municipality must develop and maintain a Waste Information System that has the following functions:

- registration and recording of data in a format required by the National Waste Management Strategy;
- data processing and analysis to produce information; and
- producing of reports.

Individuals and entities engaging in waste management activities will be required to provide the Municipality with information that might be required for the Waste Information System. Such information shall be provided in the format and frequency prescribed by the Municipality.

17. PROVISION OF WASTE MANAGEMENT SERVICES

17.1 Services, Infrastructure and equipment

The Municipality may provide the following services, equipment and infrastructure:

- waste receptacles such as bulk containers, bins and black bags;
- residential and certain non-residential waste collection services (including special or bulky waste), and associated equipment and infrastructure;
- special drop-off sites or facilities for recyclable waste;
- routine and *ad hoc* cleaning services;
- cleaning and removal of illegally-dumped waste or litter in public places under the Municipality's jurisdiction;
- animal carcass collection from public spaces, verges and roads;
- waste transfer stations, equipment and infrastructure;
- landfill sites, equipment and infrastructure;

17.2 Waste collection services provided by the Municipality

The standard service level for residential waste collection at informal settlements is a once-a-week, door-door waste collection service provided by the Municipality. The Municipality may provide black bags at the informal settlements.

The standard service level for formal residences is a once-a-week, kerbside waste collection service, which service can either be provided the Municipality or a private entity. In this category, all dwellings per erf will be provided with a plastic waste container, of a size and design to be determined by the Council. The occupants must ensure that all residential waste that has been separated and cannot

be recycled, is stored in the bin. The bin may only be placed outside the property boundary for the weekly collection of the waste, on the day of the scheduled collection.

It is the Municipality's prerogative to decide whether or not to provide commercial waste collection services and the private sector may provide the service only to those entities that the Municipality has elected not to service.

All commercial, industrial and health care entities requiring a service, must register with the Municipality irrespective of who the service provider is; and they must provide the Municipality with the waste management information that the municipality may require from them. The entities that are not serviced by the Municipality must be serviced by an accredited private service provider in terms of a valid contract.

17.3 Waste management services provided by private entities

Accredited private service providers may also provide the same suite of waste management services as the Municipality within the municipal area to residential areas, commercial and non-commercial organisations or to industries that the Municipality has resolved not to service.

17.4 Cleaning and cleansing of public spaces

The Municipality is responsible for ensuring general cleanliness in public spaces in its area of jurisdiction in terms of its Constitutional obligations. A “boundary-to-boundary” principle is followed to ensure that public places the Municipality is responsible for are maintained according to this policy. The Municipality may provide this service through an internal or external mechanism or through a community partnership.

The cleaning services that the Municipality provides consists of:

- provision and servicing of street litter bins where necessary;
- litter picking where required;
- street sweeping;
- street cleansing through the use of water tankers where necessary;
- beach cleaning in accordance with the National Coastal Management Plan;
- clearing of illegal dumping; and
- removal of animal carcass from public space.

18. WASTE MANAGEMENT PARTNERSHIPS WITH OTHER STAKEHOLDERS

The Municipality may form various types of waste management partnerships with other entities in support of national or provincial initiatives, or where it is not viable for the Municipality to provide a waste management service. Such partnerships will be used to development Small, Medium and Micro Enterprises (SMME’s) and to stimulate job creation.

Waste management partnerships could be in the form of:

- national, provincial or regional partnership arrangements relating to the location and provision of disposal infrastructure and services that will achieve long-term environmental sustainability in the national or provincial interest;
- partnerships with the community in terms of Expanded Public Works Programme (EPWP) criteria and objectives;
- partnerships with other registered entities that meets pre-determined economic criteria and the requirements of the Council's Procurement Policy, which will be formalised through a contract;and
- voluntary industry partnerships;

19. INFRASTRUCTURE

The Council must ensure provision, safe operation and availability of

licensed waste processing , treatment and disposal services equipment and related infrastructure such as:

- special facilities for dropping off small volumes of recyclable materials by residents and some departments of the Council, including garden waste;
- special processing and treatment plants, such as composting plants and builder's rubble crushing plants;
- special waste material recovery facilities;
- satellite waste and waste transfer stations; and
- landfill sites.

The Municipality will also consider alternative waste treatment and disposal technologies, including thermal waste treatment.

The Municipality's waste disposal and handling facilities will be subject to at least one audit per year, funded out of municipal tariffs. The audit must be conducted by an external entity who is deemed legally competent to provide a report on the environmental conditions and operating practices at the waste management facilities.

20. FUNDING

The Municipality's ability to obtain and provide funding, and to generate income and recover costs are directly influenced by:

- the Municipality's decision on the amount of rates and tariffs and cross-subsidation;
- the stakeholders' ability and willingness to pay the rates and tariffs;
- the level of indigence and its ratio in proportion to the total population;
- the Council's financial policy and Bylaws relating to credit control and debt collection; and the enforcement thereof;
- the Municipality's ability to enforce by-laws that contain punitive financial measures;
- the Municipality's ability and commitment to improving cost-effectiveness and efficiencies, levels of staffing;
- the Municipality's decision to own or lease high-value assets (land, infrastructure or equipment).

20.1 Funding of Capital Expenditure

This refers to funding that will be required for technical and feasibility

Investigations/studies/consultation fees, land acquisition, infrastructure development, equipment acquisition, new buildings and facilities (i.e. liners for landfills, transfer stations, drop-off or recycling centres, composting plants, etc.), remediation and closure of facilities and other related expenditure

Capital expenditure will be funded through:

- national government/National Treasury budget allocation, in accordance with the approved budget of the Municipality for a particular financial year;

- application for Municipal Infrastructure Grant (MIG) Funds;
- provision of a certain percentage of rates and taxes that will be contributed to the Asset Financing Funds each year and ring-fenced for the purpose of waste management capital expenditure;
- obtaining external funding (loans, international or private grants, etc).

20.2 Funding of operating expenditure

Operating expenditure is expenditure associated with the maintenance, repairs,

management, staffing and administration of waste collection, diversion/minimisation, treatment, and disposal services and facilities, as well as cleaning and cleansing services. Such expenditure will be funded as follows:

- collection of waste, 100% of its budget requirement will be funded through tariffs subject the Municipality's indigent policy.
- Cleaning/cleansing and removal of illegally dumped waste expenditure will be funded partly from the payment of fines and penalties and partly from municipal rates and taxes
- expenditure associated with the disposal of waste will be funded 100% through the charges and tariffs;
- the cost of a cleaning and rehabilitating the pollution effects from a marine/coastal or land/road spill caused man-made or natural disasters is determined *post factum* in relation to the provision of staff, equipment materials and administration services. Such costs must be recovered in full from the person who is responsible for the situation, and in cases of natural disasters the costs will be recovered from the national or provincial government funds made available for the purpose.

21. IMPLEMENTATION OF THIS POLICY



This Policy shall be implemented throughout the Municipality from date of approval by Council. The Municipality will provide the necessary resources, create awareness and build capacity to support the implementation of the policy.

**Western Cape Government
Provincial Treasury**

**Socio-economic Profile
Saldanha Bay Municipality
2015**

Working Paper

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Saldanha Bay: At a Glance

Demographics, 2015



Population

107 366



Households

31 843

Education



Matric Pass Rate 2014 87.9%

Literacy Rate 2011 86.7%

Poverty



Households earning less than R400 in 2011 16.3%

Per Capita Income 2013 R35 382

Health, 2015



Primary Health Care Facilities

10

Immunisation Rate

71.6%

Maternal Mortality Ratio (per 100 000 live births)

112.3

Teenage Pregnancies - Delivery rate to women U/18

7.4%

Safety and Security Actual number of crimes in 2014/15 year



Residential Burglaries

1 094

DUI

129

Drug-related

842

Murder

38

Sexual Crimes

108

Access to Basic Service Delivery, 2014 Minimum service level



Water

99.1%

Refuse Removal

96.5%



Electricity

96.9%



Sanitation

96.2%



Economy

GDP Growth 2005 - 2013

4.1%



Labour

Employment Growth 2005 - 2013

0.3%



Broadband



Percentage of HH with access to Internet 2011

36.4%

Wi-Fi Hotspots by 2017

13

Largest 3 Sectors, 2013

Finance, Insurance and Business Services

33.6%

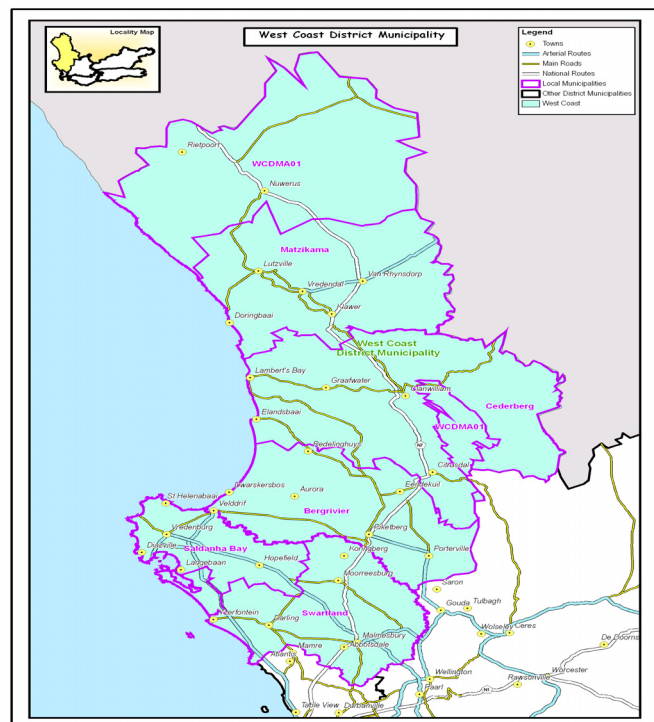
General Government

18.7%

Manufacturing

12.6%

The information contained in this profile therefore highlights information for the **Saldanha Bay Municipality** in relation to the broader Western Cape Province.



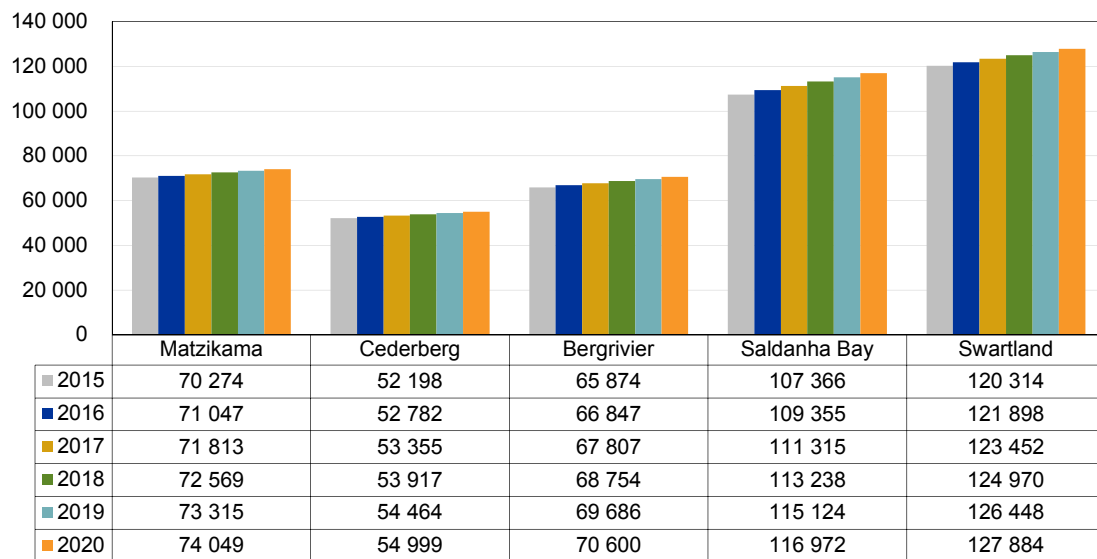
1. Demographics

1.1 Population

According to Census 2011 data, the Western Cape population grew at a rate of 2.6 per cent per annum between 2001 and 2011. This rate, which was higher than the national population growth rate of 1.5 per cent, can largely be attributed to an influx of individuals from other provinces that move to the Western Cape in search of job opportunities.

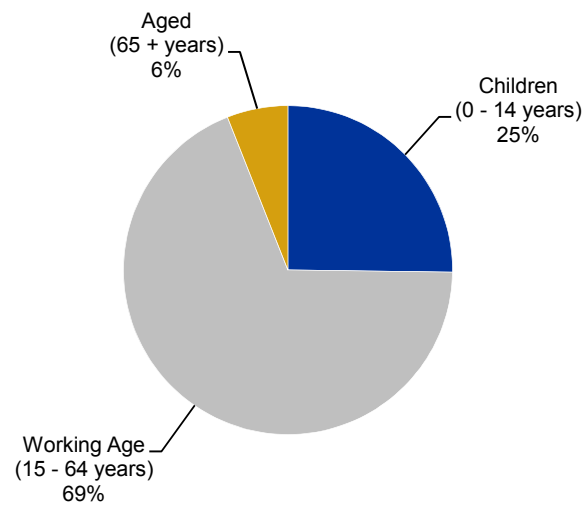
From this strong growth base, the Western Cape Department of Social Development was able to make accurate population growth estimates for each municipality for the period 2015 - 2020. These projections will assist municipalities to align their budget allocations with basic service delivery priorities.

Figure 1 West Coast District municipalities: Population projections, 2015 - 2020



Source: Western Cape Department of Social Development, 2015

Of the five local municipalities within the West Coast District, Saldanha Bay has the second largest population which is estimated to be 107 366 in 2015. This total gradually increases across the 2015/16 MTREF years and is projected to reach 116 972 by 2020. This total equates to an approximate 8.9 per cent growth off the 2015 base estimate.

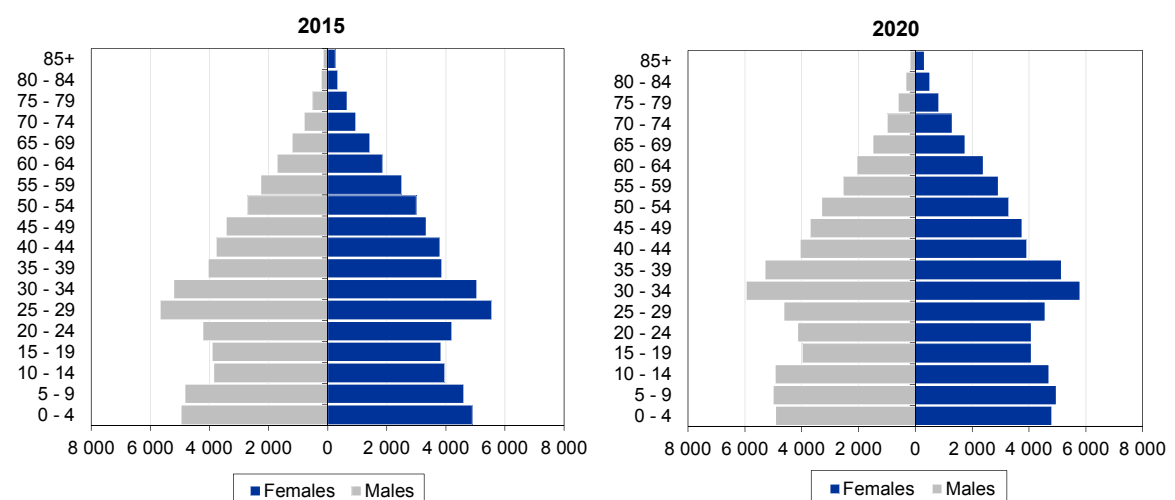
Figure 2 Saldanha Bay: Population age cohort, 2015

Source: Western Cape Department of Social Development, 2015

Figure 2 reflects the population age distribution of Saldanha Bay for 2015 and reveals that approximately 69 per cent of the 107 366 inhabitants of the Municipality are currently considered to be within the working age category.

These figures reveal that Saldanha Bay has a total dependency ratio of 45.4 which is slightly higher than the 2013 total of 44.9 per cent. As higher dependency ratios imply greater strain on the working age to support their economic dependants (children and aged), this increase does not bode well for improved social security and enhanced economic growth.

The population pyramids reflected below shows the age and gender distributions of Saldanha Bay's population in 2015 and 2020.

Figure 3 Saldanha Bay: Population age distribution, 2015 and 2020

Source: Western Cape Department of Social Development, 2015

A population pyramid is a visual representation of a society's age and sex distribution and provides policymakers and scholars alike with valuable insight as to fertility, mortality and immigration rates.

The shape of the pyramids above suggests that the Municipality has a high birth rate and relatively fast population growth. The spike in the cohort aged 30 - 44 suggests immigration; the Municipality's favourable economic performance may appear attractive to jobseekers from other municipalities.

When comparing the shape of the 2015 and 2020 population pyramids, population increases are particularly noticeable at young ages, predominantly from 10 to 14 years, as well as in the working age population between 30 and 39 years. The increase in the age group 10 - 14 years will have implications for the provision of educational facilities and services related to children about to enter (and already attending) high school. The growth in the labour force will result in a greater need for employment opportunities.

1.2 Households

In addition to population projections, the projections on the number of households form the basis of municipal service delivery planning and essentially inform budget allocations towards basic services such as water, electricity, sanitation and refuse removal. It is therefore vital that for budget planning and implementation purposes a municipality rely on credible and accurate household estimates.

Table 1 West Coast District: Household estimates, 2011 - 2015

Municipality	2011	2012	2013	2014	2015
West Coast District	110 516	112 096	113 685	115 322	116 979
Matzikama	19 494	19 746	19 998	20 261	20 523
Cederberg	13 978	14 182	14 386	14 592	14 808
Bergrivier	16 916	17 125	17 340	17 558	17 776
Saldanha Bay	29 852	30 337	30 824	31 328	31 843
Swartland	30 276	30 706	31 137	31 583	32 029

Source: Quantec Research, 2015

As per Table 1, the total number of households in the Saldanha Bay Municipality was estimated to be 31 843 in 2015 which equates to a 1.64 per cent growth from 2014.

Please note: The Municipality noted that above population and household estimates differ from the growth trajectories envisioned by the most recent Census data.

The Municipality is also of the opinion that above population projections potentially underestimate the impact of migration. In response, the Department of Social Development concurs that migration patterns are very difficult to measure and predict. The Department currently relies on an estimation model those factors in migration trends between 2001 and 2011 to make assumptions regarding the future movement of people across the Western Cape. School enrolment figures are also factored in. The Department is currently working closely with academic institutions

and private service providers to create a new high-level model to project migration patterns at municipal level. It is anticipated that the new model will be able to produce updated information by June 2016.

2. Education

Education and training improves access to employment opportunities and helps to sustain and accelerate overall development. It expands the range of options available from which a person can choose to create opportunities for a fulfilling life. Through indirect positive effects on health and life expectancy, the level of education of a population also influences its welfare.

Please note: The Municipality noted that careful consideration of the IDZ announcement, feasibility study and the impact thereof on the community is needed in order to appropriately respond to the demand for facilities and resources such as schools and healthcare facilities.

2.1 Literacy

Literacy is used to indicate a minimum education level attained. A simple definition of literacy is the ability to read and write, but it is more strictly defined as the successful completion of a minimum of 7 years of formal education. Since most learners start school at the age of 7 years, the literacy rate is calculated as the proportion of those 14 years and older who have successfully completed a minimum of 7 years of formal education. The literacy rate in Saldanha Bay was recorded at 86.7 per cent in 2011 which is slightly lower than the average literacy rate of the Western Cape at 87.2 per cent.

2.2 Learner enrolment, the learner-teacher ratio and learner dropout rate

Population dynamics, which include knowledge of the current population profile and projected learner growth, provide a basis for sound education planning. Knowing the learner enrolment numbers of a municipality enables the Western Cape Education Department (WCED) to determine the level of demands placed on schools for the current year as well as anticipated demands for future years. Having a sense of the exit points allows the WCED to plan more effectively with respect to Further Education and Training (FET). The learner-teacher ratio is very important, because it is closely related to the amount of money spent per child. It also has an impact on the education outcomes.

Table 2 West Coast District municipalities: Education indicators

Municipality	Learner enrolment		Dropout rate		Learner-teacher ratio	
	2013 (Gr 1 - 12 + LSEN)	ASS 2014	Average dropout rate 2012	Crude dropout rate using Yr 2013 - Gr 10 and Yr 2015 - Gr 12	Average learner-teacher ratio 2012	ASS 2014: ALL state+sgb+ substitutes teachers excl. practitioners and other
Matzikama	9 759	9 913	40.50%	30.60%	26.20	27.50
Cederberg	7 533	7 464	41.60%	37.40%	27.80	28.80
Bergervier	8 027	7 981	40.00%	27.80%	26.90	27.60
Saldanha Bay	15 045	15 530	33.20%	32.40%	26.50	30.60
Swartland	16 407	16 613	32.90%	20.00%	28.00	30.70

Source: Western Cape Department of Education, Annual Survey of public and independent Schools (ASS) 2014

According to the Annual Survey of Public and Independent Schools (ASS) done by the WCED in 2014, learner enrolment in Saldanha Bay has increased slightly from 15 045 in 2013 to 15 530 in 2014. The learner enrolment figure in 2013 included learners with special education needs while the 2014 figure does not and as such the increase between 2013 and 2014 might be more significant. The average school dropout rate in Saldanha Bay was recorded at 33.2 per cent in 2012, however the dropout rate measured amongst grade 10 learners of 2013 and Grade 12 learners at the start of 2015 were 32.4 per cent. This implies that approximately one in every three Grade 10 and 12 learners in Saldanha Bay dropped out of school before completing their schooling. The average learner-teacher ratio for Saldanha Bay has increased between 2012 and 2014 from 26.5 per cent to 30.6 per cent. This may be due to increased learner enrolment, higher failure rates and supply-side challenges in the market for educators.

2.3 Education facilities

The availability of adequate education facilities such as schools, FET colleges and schools equipped with libraries and media centres could affect academic outcomes positively.

Table 3 West Coast District municipalities: Education facilities, 2012 and 2014

Municipality	Total number of schools	Number/proportion of no fee schools		Public FET colleges - main + sat	Education facilities: Number of schools with libraries/media centres	
	2014 Dec	2012	2014 Dec	ASS 2014 Lib	2012	2014
Matzikama	31	77.40%	80.70%	7	14	13
Cederberg	25	80.00%	80.00%	7	8	8
Bergervier	20	55.00%	65.00%	17	9	9
Saldanha Bay	22	22.70%	54.60%	4	10	9
Swartland	31	64.50%	74.20%	13	20	18

Source: Western Cape Department of Education, Annual Survey of public and independent Schools (ASS) 2014

Saldanha Bay had 22 schools in 2014 which had to accommodate 15 530 learners at the start of 2014. The proportion of no fees schools has increased sharply from 22.7 per cent in 2012 to 54.6 per cent in 2014 indicating that, given the tough economic climate, schools have been reporting an increase in parents being unable to pay their school fees. Saldanha Bay (4) however has a limited number of Public FET Colleges whose mandate is to ensure that education, training and skills development initiatives respond to the economy, rural development challenges and an informed and critical citizenry. The number of schools in Saldanha Bay with libraries or media centres was reduced from 10 to 9 between 2012 and 2014.

2.4 Educational outcomes (matric pass rate)

Education remains one of the key avenues through which the state is involved in the economy. In preparing individuals for future engagement in the labour market, policy choices and decisions in the sphere of education play a critical role in determining the extent to which future economic and poverty reduction plans can be realised.

Table 4 West Coast District: Education outcomes, 2013 - 2014

Municipality	Education outcomes: Matric pass rate	
	2013	2014
West Coast District	88.4%	88.4%
Matzikama	92.0%	93.7%
Cederberg	91.6%	88.2%
Bergvriër	85.2%	84.1%
Saldanha Bay	90.5%	87.9%
Swartland	85.3%	88.3%

Source: Western Cape Department of Education,
Annual Survey of public and independent Schools (ASS) 2014

The 2014 matric results for Saldanha Bay results showed a slight regression in the matric pass rate from 90.5 per cent in 2013 to 87.9 per cent in 2014. This may partly be attributed to the increase in the learner-teacher ratio and the phasing in of the Curriculum Assessment Policy Statements (CAPS curriculum).

3. Health¹

Good health is vital to achieving and maintaining a high quality of life. A diverse range of factors play a role in ensuring the good health of communities and that disease, especially preventable and contagious/communicable ones, are kept at bay. Some of the factors include lifestyle features that also depend on the provision of high quality municipal services, such as clean water, sanitation and the removal of solid waste.

¹ Information received from the Western Cape Department of Health including information from the Department's 2015/16 Annual Performance Plan and the Department's website.

The information provided by the Department of Health as detailed in this section, pertains only to public sector healthcare institutions. Any privately provided facilities or services are not reflected in the information below.

Please note: The Municipality noted that careful consideration of the IDZ announcement, feasibility study and the impact thereof on the community is needed in order to appropriately respond to the demand for facilities and resources such as schools and healthcare facilities.

3.1 Healthcare services: Facilities and personnel

Access to healthcare facilities is directly dependent on the number and spread of facilities within a geographic space. South Africa's healthcare system is geared in such a way that people have to move from primary, with a referral system, to secondary and tertiary levels.

The West Coast District has a range of primary healthcare facilities which includes 30 fixed clinics, 37 mobile/satellite clinics, 1 community day centre and 7 district hospitals.

Table 5 West Coast District: Healthcare facilities, 2015

Municipality	Number of PHC clinics - fixed	Number of PHC clinics - non-fixed (mobile/satellite)	Community Health centres	Community Day centres	Total number of PHC facilities (fixed clinics, CHCs and CDCs, excluding non-fixed)	Number of district hospitals	Number of regional hospitals	Emergency medical services: Number of operational ambulances per 100 000 population
West Coast District	30	37	0	1	31	7	0	0.68
Matzikama	7	13	0	0	7	1	0	0.82
Cederberg	6	5	0	0	6	2	0	1.29
Bergervier	3	7	0	0	3	2	0	0.74
Saldanha Bay	9	3	0	1	10	1	0	0.46
Swartland	5	9	0	0	5	1	0	0.48

Source: Western Cape Department of Health, 2015

Of these facilities, 9 fixed clinics, 3 mobile/satellite clinics, 1 community day centre and 1 district hospital is situated within the Saldanha Bay Municipality.

Due to rural distances between towns and health facilities being much greater than in the metropole, combined with the relatively lower population per square kilometre in rural areas, ambulance coverage is greater in rural areas in order to maintain adequate coverage for rural communities. Within the West Coast District, Saldanha Bay (0.46) has the lowest number of ambulances per 100 000 population.

Table 6 Western Cape: Healthcare personnel, 2015

Regional area	Number of medical officers*	Number of professional nurses*	Number of staff nurses*	Number of nursing assistants*
Western Cape	33.4	99.2	40.3	66.5
City of Cape Town	42.1	107.8	42.4	79.1
West Coast District	9.3	63.8	31.8	34.8
Cape Winelands District	22.3	84.8	41.4	49.2
Overberg District	11.5	70.6	24.7	31.9
Eden District	20.7	97.1	39.0	45.8
Central Karoo District	19.4	132.8	38.7	74.7

* Per 100 000 people

Source: Western Cape Department of Health, 2015

Healthcare personnel is also variedly spread across the districts; overall within the Western Cape, the West Coast District had the lowest number of medical officers and professional per 100 000 people and the second lowest number of staff nurses and nursing assistants per 100 00 people.

3.2 HIV, AIDS and Tuberculosis treatment and care

Although treatment and care is essential in the management of HIV and AIDS, the need and importance of preventative care cannot be over-emphasised, especially since to date, there is no known cure.

Table 7 West Coast District: HIV, AIDS and Tuberculosis prevalence and care, 2015

Municipality	HIV - Antiretroviral treatment					Tuberculosis			
	ART patient load March 2013	ART patient load March 2014	ART patient load March 2015	Mother-to-child transmission rate	Number of ART clinics/ treatment sites 2015	Number of TB patients 2012/13	Number of TB patients 2013/14	Number of TB patients 2014/15	Number of TB clinics/ treatment sites 2015
West Coast District	4 561	5 553	6 521	1.4%	41	3 508	3 573	3 593	73
Matzikama	569	812	901	3.0%	8	1 004	1 015	950	21
Cederberg	880	1 063	1 295	1.2%	5	557	599	612	11
Bergvriervier	466	601	726	0.0%	9	395	425	452	12
Saldanha Bay	1 435	1 779	2 054	0.5%	6	852	867	748	11
Swartland	1 211	1 298	1 545	3.2%	13	700	667	831	18

Source: Western Cape Department of Health, 2015

At the end of March 2013, the Province highlighted that anti-retroviral treatment (ART) was provided to over 100 000 persons in the Province, 4 561 of whom were in the Cape Winelands District and 1 435 in the Saldanha Bay municipal area. By the end of March 2015, Saldanha Bay's patient load increased to 2 054, administered from 6 treatment sites.

In addition to improving the quality of life of the patient, anti-retroviral treatment to mothers both before and at birth, also decreases the chances that infants will contract HIV from their mothers. The most recent information for Saldanha Bay indicates a mother-to-child transmission rate of 0.5 per cent which is below the 1.4 per cent District and Provincial rate as well as the medium term annual target for 2015/16 and 2016/17.

Tuberculosis (TB) is a bacterial disease, and is a serious problem in South Africa, especially in the Western Cape. TB is highly infectious but curable. Approximately one out of ten people develop the disease and if not treated the infectious person can affect 20 other people or more in a year.

TB can only be cured if the full course of treatment, which can be from six to eight months, is completed. People who stop treatment are likely to develop multi-drug resistance, making the TB more difficult to cure. These cases are treated at TB specialist clinics. TB can be fatal if not treated.

The HIV epidemic has led to an enormous increase in the number of TB cases. People with HIV are far more susceptible to TB infection, and are less able to fight it off. TB is responsible for a third of all deaths in HIV-infected people.

The number of TB patients in the West Coast District has increased over past few years, reaching 3 593 in 2014/15, treated at 73 clinics or treatment sites. In the Saldanha Bay municipal area, patient load has shown a decline in recent years. Most recent information shows a patient load of 748 with treatment administered from 11 clinics or treatment sites.

3.3 Child health: Immunisation², malnutrition, neonatal mortality, low birth weight

Immunisation: Immunisation protects both adults and children against preventable infectious diseases. Low immunisation rates speak to the need for parents to understand the critical importance of immunisation, as well as the need to encourage parents to have their young children immunised. In 2015, the full immunisation coverage rate for the West Coast was 74 per cent, and Saldanha Bay with an even lower rate at 72 per cent.

Malnutrition: Malnutrition (either under- or over nutrition) refers to the condition whereby an individual does not receive adequate amounts or receives excessive amounts of nutrients. The number of malnourished children under five years in the West Coast in 2015 was 3.1 per 100 000. At 5.9, Saldanha Bay's rate was the highest in the District.

² The immunisation rate is calculated as the number of children immunised as a percentage of the total number of children less than one year of age. If children who are one year or older are immunised, the immunisation rate for that year could be greater than 100 per cent because more than 100 per cent of children aged less than one year would have been immunised in that particular year.

Table 8 West Coast District: Child and maternal health, 2015

Municipality	Child health				Maternal health		
	Full immunisation coverage under 1 year	Severely malnutrition rate under 5 years	Neonatal mortality rate	Low birth weight	Maternal mortality ratio	Delivery rate to women under 18 years	Termination of pregnancy rate
West Coast District	74%	3.1	4.3	14%	76	9.1%	4.0%
Matzikama	78%	1.1	8.9	19%	0	10.4%	4.5%
Cederberg	83%	4.7	1.4	18%	0	12.2%	5.8%
Bergervier	65%	1.1	7.4	20%	372	10.1%	1.7%
Saldanha Bay	72%	5.9	4.5	9%	112	7.4%	4.2%
Swartland	75%	2.2	1.5	13%	0	8.2%	3.9%

Source: Western Cape Department of Health, 2015

Neonatal mortality rate: The first 28 days of life – the neonatal period - represent the most vulnerable time for a child's survival. The neonatal mortality rate is the number of neonates dying before reaching 28 days of age, per 1 000 live births in a given year. Both the District (4.3) as well as Saldanha Bay's (4.5) neonatal mortality rates are below the Province's 2019 target of 6.0 per 1 000 live births.

Low birth weight: Low birth weight is defined as weight at birth of less than 2 500 g. Low birth weight is associated with a range of both short- and long term consequences. In the West Coast District, 14 per cent of the babies born were born underweight; at 9 per cent, Saldanha Bay had the lowest percentage of babies born underweight.

3.4 Maternal health: Maternal mortality, births to teenage mothers, termination of pregnancy

Maternal health refers to the health of women during pregnancy, childbirth and the postpartum period.

Maternal mortality³: Maternal death is death occurring during pregnancy, childbirth and the puerperium⁴ of a woman while pregnant or within 42 days of termination of pregnancy, irrespective of the duration and site of pregnancy and irrespective of the cause of death (obstetric and non-obstetric).

Saldanha Bay Municipality's most recent figures show a maternal mortality ratio of 112 per 100 000 live births with the District's ratio at 76. The Province has a maternal mortality ratio target of 65 by 2019.

Births to teenage mothers: Teenage pregnancy is almost always unplanned; as a result when young parents are placed in a position to care for their children, life can become particularly tough, especially if they do not have family or social support.

³ Maternal deaths per 100 000 live births in health facilities.

⁴ Puerperium is defined as the time from the delivery of the placenta through the first few weeks after the delivery. This period is usually considered to be 6 weeks in duration.

In the 2014/15 financial year, the delivery rate to women under 18 years in the West Coast was 9.1 per cent. Saldanha Bay's rate of 7.4 per cent was the lowest in the District.

Termination of pregnancy: Government hospitals, designated private doctors and gynaecologists, and non-profit providers offer safe and legal termination of pregnancy. To have a free abortion, the request must be made at a primary healthcare clinic, where the pregnancy will be confirmed, counselling provided, an appointment made, and a referral letter be given to a facility where the procedure can be performed.

Saldanha Bay's termination of pregnancy rate⁵ of 4.2 per cent was in line with that of the District's 4.0 per cent.

Reading the teenage delivery and termination of pregnancy rates together suggests that, especially within some local municipalities, there may be a particular challenge with respect to unplanned and unwanted pregnancies.

3.5 Community based services

Community Based Services (CBS) in the Western Cape are provided by non-profit organisations (NPOs). Home CBS does not replace the family as the primary caregiver; it is meant to be a complementary and supportive service to the family to prevent 'burn-out' for family caregivers who care for sick relatives.

Table 9 West Coast District: Community based services, 2015

Municipality	Community based services		
	Total number of non-profit organisation appointed home carers	Total number of visits	Average number of monthly visits per carer
West Coast District	295	793 317	224
Matzikama	72	276 302	320
Cederberg	65	213 342	274
Bergvriër	42	91 084	181
Saldanha Bay	60	110 945	154
Swartland	56	101 644	151

Source: Western Cape Department of Health, 2015

The total number of NPO appointed carers in West Coast during 2014/15 was 295. On average, each carer carried out an average of 224 monthly visits. Within Saldanha Bay Municipality, the average number of monthly visits for the 60 carers was significantly lower at 154.

⁵ Termination of pregnancy rate is calculated as the percentage of terminations as a proportion of the female population aged 15 to 44 years.

4. Poverty

In an effort to alleviate poverty and reduce inequality, the National Development Plan has set the objective of having zero households earn less than R418 per month by 2030.

As per below table, Saldanha Bay Municipality was in 2011 still behind this target with approximately 16.3 per cent of its 29 852 households that earned less than R400 a month. Lower levels of household income increases indigent dependency on municipal support. Municipal resources are therefore strained in an effort to provide free basic services.

Table 10 West Coast District: Household income, 2011

Municipality	None income	R1 - R4 800	R4 801 - R9 600	R9 601 - R19 600	R19 601 - R38 200	R38 201 - R76 400	R76 401 - R153 800	R153 801 - R307 600	R307 601 - R614 400	R614 001 - R1 228 800	R1 228 801 - R2 457 600	R2 457 601 or more
West Coast District	10.7	1.9	3.1	14.0	21.6	19.3	13.2	9.4	5.0	1.2	0.4	0.3
Matzikama	8.2	1.9	3.3	17.6	24.7	17.8	11.8	8.6	4.4	1.0	0.4	0.2
Cederberg	9.5	1.9	3.2	17.8	25.5	21.1	10.6	6.4	3.0	0.8	0.3	0.2
Bergvriër	9.3	1.4	1.9	13.5	22.3	22.4	14.0	9.1	4.5	0.9	0.4	0.4
Saldanha Bay	13.9	2.4	4.0	10.7	17.4	16.7	15.2	11.5	6.1	1.5	0.4	0.3
Swartland	10.5	1.7	2.6	13.4	21.7	20.1	13.0	9.5	5.5	1.5	0.4	0.2

Source: Statistics South Africa, Census 2011

Measuring levels of poverty and inequality for the period 2006 to 2011, Statistics South Africa's 2014 Poverty Trends Report specifies that the lower-bound poverty line (LBPL) for March 2011 was set at R443 (per capita, inflation adjusted poverty line) meaning that any individual earning less than R443 a month would have to sacrifice essential food items in order to obtain non-food goods. Compared to the above specified average household income for the Saldanha Bay Municipality, it is concerning to note that approximately 4 149 households in the municipal area earn less than R400 a month and must therefore survive on less than what an individual persons requires as per the LBPL measure.

Table 11 West Coast District: Per capita income, 2011 - 2013

Regional area	Per capita income (R)		
	2011	2012	2013
Western Cape	43 614	44 291	44 553
West Coast District	27 676	28 044	28 173
Matzikama	25 347	25 420	25 291
Cederberg	19 519	19 755	19 858
Bergvriër	23 288	23 400	23 555
Saldanha Bay	34 337	35 104	35 382
Swartland	27 828	28 180	28 307

Source: Own calculations, Department of Social Development, 2015 and Quantec, 2015

As per Table 11, per capita income in the Saldanha Bay Municipality is substantially higher than in any of the other local municipalities in the West Coast region largely as a result of increased economic activity in the ever growing industrial development zone.

Despite these high income levels, per capita income in Saldanha Bay only increased by 0.79 per cent from R35 104 in 2012 to R35 382 in 2013. Although these figures bode well as a general measure of wealth and prosperity, the Municipality needs to make significant progress if it is to achieve the 2030 NDP target of R110 000 per person, per annum.

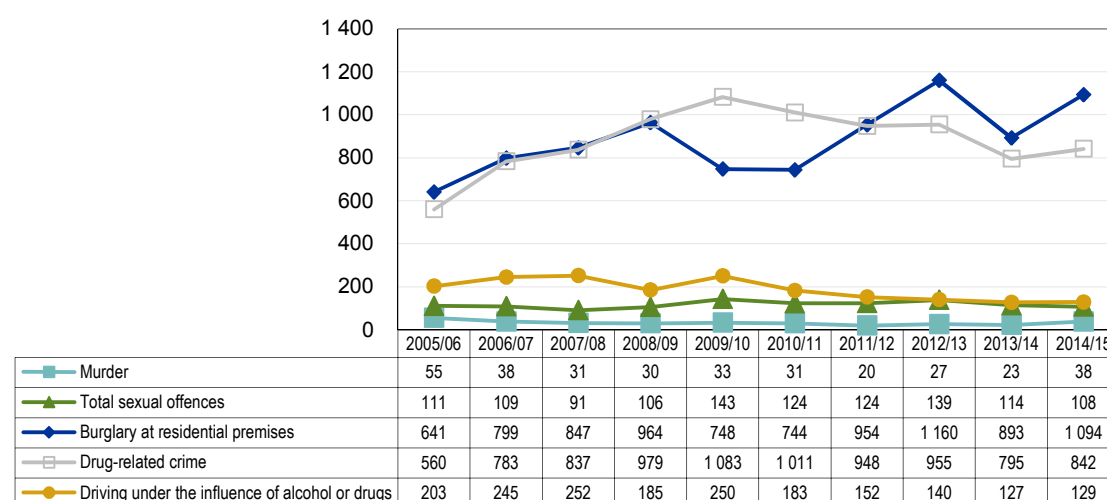
5. Safety and security

The Constitution upholds the notion that everybody has the right to freedom and security of the person. The safety of persons and property is therefore vitally important to the physical and emotional well-being of people and business. Without the respect of person and property, it would be impossible for people to live peacefully, without fear of attack and for businesses to flourish.

The extent of crime in South Africa does however not only have a significant impact on the livelihood of citizens, but also affects the general economy. Crime hampers growth and discourages investment and capital accumulation. If not addressed with seriousness, it has the potential to derail both social and economic prosperity.

Peoples' general impressions, as well as official statistics on safety and crime issues, mould perceptions of areas as living spaces or place in which to establish businesses. The discussion in this section that follows is limited to the reported contact and property-related crime such as murder and sexual crimes, as well as crime heavily dependent on police action for detecting drug-related crimes and driving under the influence of alcohol/drugs.

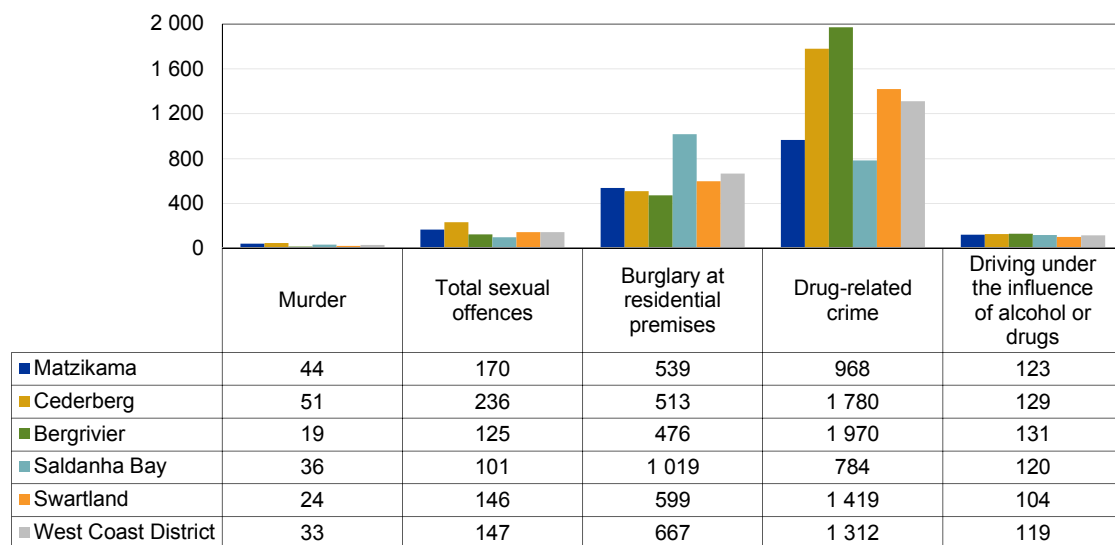
Figure 4 Saldanha Bay: Crime statistics, 2005/06 - 2014/15



Source: Quantec Research, 2015

The categories pertaining to residential burglaries and drug-related crime are dominant in relation to crime within the Saldanha Bay Municipality. After a decline in the previous year, these two specific categories have picked up again in 2014/15. Despite the increase in the number of murders from 2013/14 to 2014/15 it remains below what was reported in 2005/06. Both the number of reported sexual offences and driving under the influence of alcohol or drugs are trending downwards.

Figure 5 West Coast District: Crime statistics per 100 000, 2014/15



Source: Quantec Research, 2015

It is customary to express occurrences of crime per 100 000 as to allow for an easy comparison between areas with different population densities.

It is evident from above table that drug-related crimes - possession, manufacturing, distribution of illegal substances (including alcohol related transgressions) - is a major concern throughout the West Coast District with an average of 1 312 crimes per 100 000. Drug-related crimes has a severe negative impact on human development by degrading the quality of life as it infiltrates all aspects of society including families, health, the work environment and the economy. Saldanha Bay does however have the lowest incidence of such crimes at 784 per 100 000.

Given its regular occurrence and the psychological impact on victims, residential burglaries are an obstinate concern in South Africa. The West Coast District is no exception, with residential burglaries being the second most prominent criminal offence among all local municipalities at an average of 667 occurrences per 100 000. Saldanha Bay is especially hard hit by this crime, impacting on 1 019 persons per 100 000 - the highest incidence rate in the District.

6. Basic services

Access to basic services within South Africa is a basic human right. It is also an indication of the quality of life of the inhabitants in the country. Access to basic services has a wider impact on education and health and therefore also on the economy. The Municipal Economic Review of 2015 further highlights the positive economic impact of basic infrastructure spending on the overall economy.

The 2015 Socio-economic Profile also contains a breakdown of access to basic services for each ward within Saldanha Bay Municipality, hereto attached as an annexure. This information provides the Municipality with an overview of ground-level access to basic services that will assist in the allocation of resources towards the areas of most need. This data will also inform the Municipality's IDP and service delivery budget and implementation plan (SDBIP), the latter which, as per MFMA Circular 13, must contain a ward-specific capital works plan.

The levels of access to basic services will be discussed below in terms of access to water, sanitation, energy, refuse removal and housing.

6.1 Access to water

Table 12 indicates the levels of access to potable water within the West Coast District in 2014.

Table 12 West Coast District: Access to water, 2014

Regional area	Piped water inside dwelling	Piped water inside yard	Piped water less than 200 m from dwelling	Piped water more than 200 m from dwelling	Borehole/ rain-water tank/well	Dam/river stream/spring	Water-carrier tanker/water vendor	Other/ Unspecified
Western Cape	74.1	13.8	8.7	2.5	0.1	0.1	0.1	0.6
West Coast District	78.1	17.8	2.5	0.6	0.2	0.2	0.1	0.5
Matzikama	71.8	19.3	5.4	0.8	0.2	0.9	0.4	1.1
Cederberg	74.6	20.0	3.0	1.4	0.2	0.2	0.2	0.4
Bergrivier	83.2	14.0	1.1	1.0	0.3	0.1	0.0	0.3
Saldanha Bay	79.1	18.0	2.0	0.2	0.1	0.1	0.0	0.5
Swartland	79.8	17.6	1.7	0.4	0.1	0.1	0.1	0.2

Source: Quantec Research, 2015

The data indicates that in Saldanha Bay 79.1 per cent of households have access to water within their dwellings and a further 18 per cent have access within their yard. The minimum service level is households that have access to water at least 200 m from their dwelling. Approximately 99.1 per cent of households meet this minimum standard which puts Saldanha Bay close to the NDP target of 100 per cent access to water by 2030. Saldanha Bay outperforms both the provincial and district average in this regard. There is however room for improvement in terms of household access to water within their homes.

Blue Drop Certification reflects on the actual quality of tap water within a municipality. It further acknowledges a municipality's ability to sustain this quality and provides an indication of preparedness to deal with any incident that may pose a water related health risk to the public. The certification process attributes a weighted score according to a municipality's performance measured against a specific set of water management criteria such as water safety planning, drinking water quality process management and control, drinking water quality compliance etc. Municipalities that overall scores above 95 per cent are officially awarded the prestigious Blue Drop Status. In 2013/14 Saldanha Bay had an excellent blue drop status of 96 per cent, but water losses of 16.7 per cent. Saldanha Bay continues to increase capacity and improve and maintain water infrastructure to provide a sustainable source of potable water to its households.

6.2 Access to refuse removal

Inadequate waste services lead to unpleasant living conditions and a contaminated, unhealthy environment. For this reason municipalities across the country provide their inhabitants with waste removal services.

Table 13 displays the levels of access to refuse removal within the West Coast District in 2014.

Table 13 West Coast District: Access to refuse removal, 2014

Regional area	Removed at least once a week	Removed less often	Communal refuse dump	Own refuse dump	No rubbish disposal	Unspecified/ other
Western Cape	89.8	1.2	2.8	4.6	1.0	0.6
West Coast District	76.7	1.8	2.5	16.9	1.2	0.9
Matzikama	68.1	1.8	2.3	23.3	2.5	2.0
Cederberg	58.3	3.9	4.3	30.6	1.4	1.5
Bergrivier	66.9	3.8	2.3	25.2	1.1	0.7
Saldanha Bay	96.5	0.5	0.3	2.1	0.4	0.2
Swartland	76.2	1.1	4.1	16.6	1.0	0.9

Source: Quantec Research, 2015

The data indicates that within Saldanha Bay 96.5 per cent of households have their refuse removed at least once a week. This is much higher than that of its fellow municipalities; thus Saldanha Bay outperforms both the Province and the District in terms of the levels of access to refuse removal by the local authority at least once a week. The only concern is the 2.1 per cent of household that have their own refuse dump.

Challenges in terms of waste management within Saldanha Bay include the aging fleet of refuse compactors. R2.3 million has however been allocated over the 2015/16 Medium Term Revenue and Expenditure Framework for purchase of a new refuse compactor. This displays the Municipality's commitment towards providing a quality waste management service to its households.

6.3 Access to electricity

Table 14 reflects the different sources of energy used for lighting by households in Saldanha Bay.

Table 14 West Coast District: Access to electricity, 2014

Municipality	Electricity	Gas	Paraffin	Candles	Solar/other/unspecified
West Coast District	94.3	0.2	0.9	4.1	0.6
Matzikama	88.5	0.1	0.4	9.9	1.1
Cederberg	88.5	0.3	3.0	7.7	0.6
Bergrivier	94.7	0.3	0.8	3.5	0.8
Saldanha Bay	96.9	0.1	0.9	1.6	0.5
Swartland	97.8	0.1	0.2	1.5	0.3

Source: Quantec Research, 2015

It is clear that the biggest source of energy in Saldanha Bay is electricity at 96.9 per cent in 2014. This is slightly above the West Coast District average of 94.3 per cent for 2014.

6.4 Access to sanitation

Access to sanitation is one of the most important basic services as it concerns the health and dignity of human beings. Table 15 shows the type of sanitation facilities available to households in Saldanha Bay in 2014.

Table 15 West Coast District: Access to sanitation, 2014

Municipality	Flush or chemical toilet	Pit latrine	Bucket latrine	Not listed elsewhere
West Coast District	87.2	1.5	1.8	9.5
Matzikama	69.8	2.4	2.5	25.3
Cederberg	82.4	1.4	1.7	14.5
Bergrivier	89.3	0.9	2.1	7.8
Saldanha Bay	96.2	0.2	0.9	2.7
Swartland	90.4	2.5	2.1	5.0

Source: Quantec Research, 2015

In 2014, 96.2 per cent of households had access to flush toilets (connected to sewerage/septic tank). However, 2.7 per cent of households did not have access to sanitation in 2014 whilst 1.1 per cent of households made use of bucket latrine and pit latrines.

6.5 Housing

Decent housing with the relevant basic services is essential for human security, dignity and well-being.

Table 16 West Coast District: Types of housing structures, 2014

Municipality	House or brick structure on a separate stand or yard	Traditional dwelling	Flat in a block of flats	Town/cluster/semi-detached house (simplex, duplex or triplex)	House/flat/room in backyard	Informal dwelling/shack in backyard	Informal dwelling/shack NOT in backyard, e.g. in an informal/squatter settlement	Room/flatlet not in backyard but on a shared property	Other
West Coast District	78.9	0.6	1.9	4.3	1.4	4.7	6.3	0.8	1.3
Matzikama	78.0	0.5	2.2	5.9	1.6	2.9	7.0	0.5	1.4
Cederberg	79.5	0.9	2.0	3.5	1.0	3.2	8.3	0.4	1.2
Bergervier	79.7	1.1	2.1	6.5	2.2	2.7	0.9	2.6	2.1
Saldanha Bay	76.6	0.5	1.2	1.3	0.8	5.7	12.7	0.4	0.7
Swartland	80.8	0.4	2.2	5.2	1.5	6.6	1.5	0.5	1.3

Source: Quantec Research, 2015

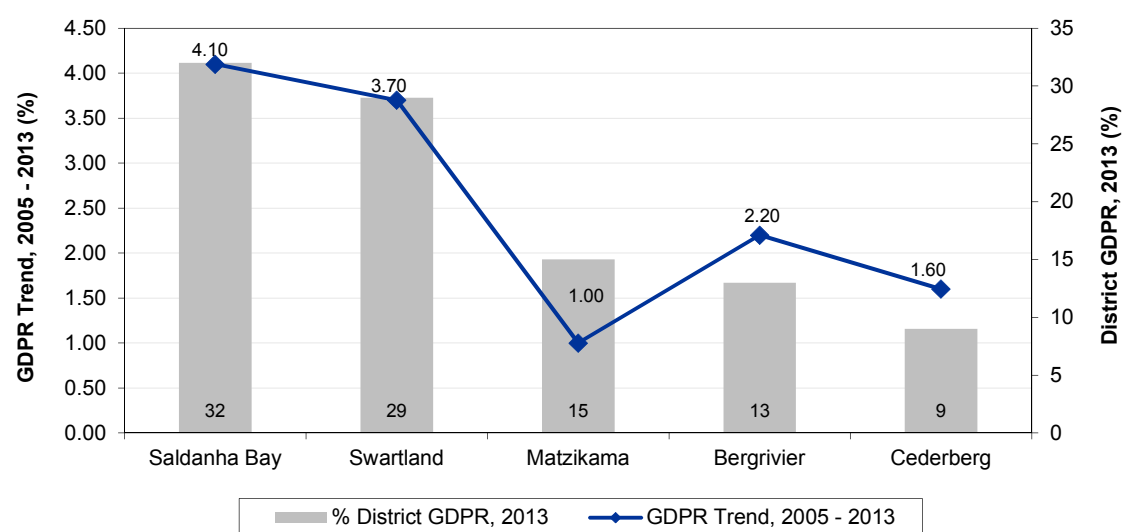
Table 16 highlights the most common dwellings in Saldanha Bay Municipality were: House or brick structure on a separate stand (76.6 per cent), Informal dwellings in an informal/squatter camp (12.7 per cent), informal dwellings/shack in backyard (5.7 per cent) and town/cluster/semi-detached house/duplex (1.3 per cent).

7. Economy

Economic growth in South Africa has been deteriorating since 2012. GDP growth of 2.5 per cent, 2.2 per cent and 1.5 per cent was achieved in 2012, 2013 and 2014 respectively. Initiatives to bolster economic growth on a national scale have been undertaken and progress has been made – talks to establish a more sustainable labour relations environment have been undertaken, and administrative reforms to reduce red tape have been implemented. Key structural issues which hinder the desired growth levels nevertheless remain entrenched. Given the close linkages between the municipalities in the Province and the national economy, the metro and district (and thus local) municipalities in the Western Cape are impacted by current state and fluctuations in the national economy.

Please note: The Municipality noted that studies currently underway regarding the Infrastructure Growth Plan, Human Settlements Strategy and the Industrial Plan could potentially have a significant impact on below specified growth outlook.

The West Coast District grew by 3.7 per cent on average year-on-year from 2005 - 2013. The District managed to grow by 1.1 per cent per annum during the recessionary period (2008 - 2009); while managing a higher growth rate of 2.6 per cent per annum during the recovery period (2010 - 2013). The District has not yet managed to revert back to its 2005 - 2013 trend growth rate.

Figure 6 West Coast District municipalities: GDPR growth, 2005 - 2013

Source: *Municipal Economic Review and Outlook (MERO), 2015*

As per Figure 6, Saldanha Bay comprised the largest share (32 per cent of the District's GDP, or R6.2 billion of the District's R19 billion Gross Value Added in 2013, making it the largest economy in the District, followed by Swartland (R5.4 billion), Matzikama (R2.9 billion), Bergrivier (R2.6 billion) and Cederberg (R1.7 billion). The region experienced average year-on-year growth of 4.1 per cent from 2005 - 2013, thus exceeding the Province's growth rate of 3.6 over this period. Saldanha Bay is the fastest growing municipality in the District, and is among the fastest growing in the Province.

Table 17 West Coast District: GDPR growth, 2000 - 2013

Municipality	Real GDPR growth (average yoy %)		
	Expansion 2000 - 2007	Recession 2008 - 2009	Recovery 2010 - 2013
West Coast District	3.8	1.4	2.8
Matzikama	2.0	-1.4	1.6
Cederberg	2.9	0.4	1.8
Bergrivier	3.4	0.1	2.7
Saldanha Bay	5.3	2.0	3.8
Swartland	4.0	3.0	2.6

Source: *Municipal Economic Review and Outlook (MERO), 2015*

As per Table 17, economic growth tapered down to 2 per cent annually during the recessionary period 2008 - 2009. Growth however picked up to 3.8 per cent over the period 2010 - 2013, but nevertheless remains slightly below the 2005 - 2013 trend growth rate. Matzikama was the only municipality in the District to experience a contraction in GDPR growth (of 1.4 per cent per annum) during the recessionary period 2008 - 2009.

This growth is underscored by significant variation in industry-specific growth rates. Growth in a particular industry depends on a number of factors (economies of scale, technological developments and demand trends among others) which often diverge among industries. Table 18 displays the industry-specific growth rates for each municipality in West Coast District.

Table 18 West Coast District: Sectoral growth, 2005 - 2013

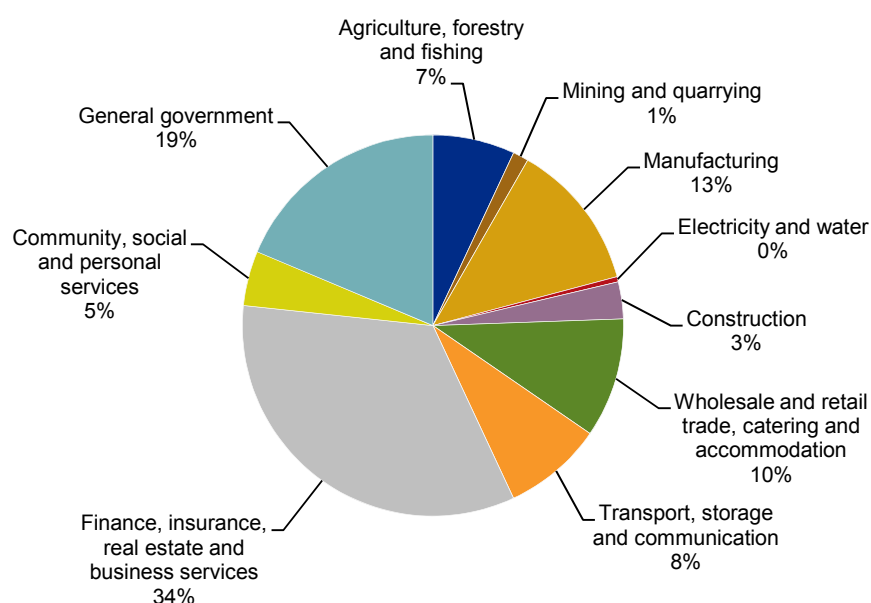
Industry	Matzikama	Cederberg	Bergrivier	Saldanha Bay	Swartland	West Coast District
Agriculture, forestry and fishing	-0.3	-1.5	-2.7	3.7	0.3	-0.3
Manufacturing	-0.2	-1.9	2.3	-4.1	2.1	-0.3
Construction	7.5	10	9.2	3.4	5.1	6.2
Commercial services	2.6	4	6.4	6.9	7.7	6.1
General government and Community, social and personal services	2.3	4.3	-1.7	6.4	-2.8	2.8
Other	-10	-1.1	-7.2	3	0.3	-3
Total	1	1.6	2.2	4.1	3.7	3

Source: *Municipal Economic Review and Outlook (MERO), 2015*

Both Saldanha Bay and Swartland Municipality (the two fastest growing in the District) experienced strong growth in their commercial services sectors (i.e. wholesale and retail trade, catering and accommodation; transport, storage and communication; and finance, insurance, real estate and business services).

Saldanha Bay's general government and community, social and personal (CSP) services sector experienced robust growth at a rate of 6.4 per cent per annum (the fastest in the District). The only sector in Saldanha Bay to contract was the manufacturing services sector which contracted by 4.1 per cent per annum (also the most severe contraction in the District). The only other municipalities in which the manufacturing sector contracted were Cederberg and Matzikama (contracting by 1.9 and 0.2 per cent per annum, respectively).

Saldanha Bay is the only Municipality in the District to achieve significant growth in the agriculture sector which grew at 3.7 per cent per annum - Swartland agriculture sector expanded by 0.3 per cent per annum and was the only other municipality in District to experience growth in this sector.

Figure 7 Saldanha Bay: Sectoral composition, 2013

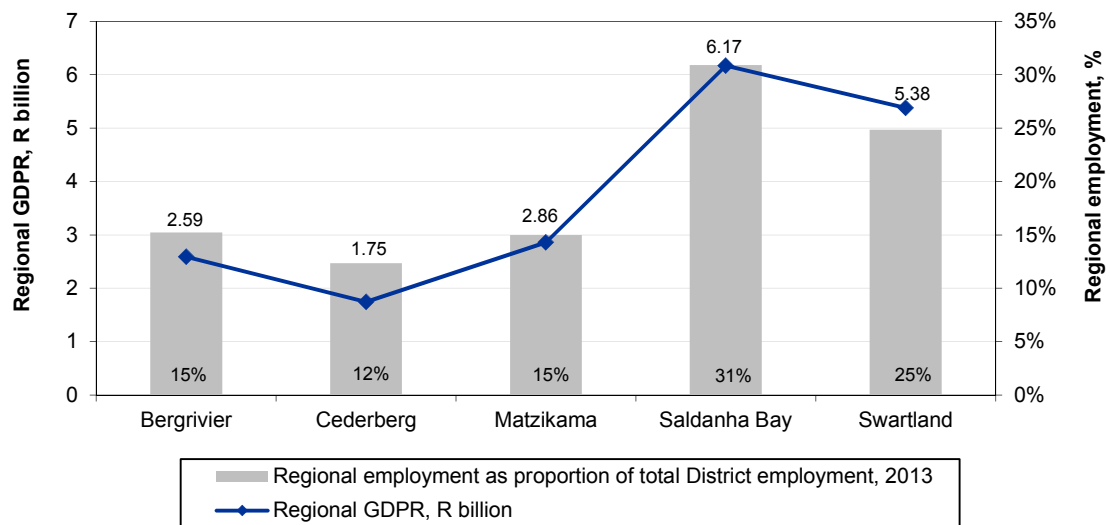
Source: *Municipal Economic Review and Outlook (MERO), 2015*

As seen in Figure 7, the finance, insurance, real estate and business services sector (as a part of the commercial services sector) and general government sector not only grew the fastest but are also the largest in the Municipality (comprising 34 per cent and 19 per cent of the Municipality's GDP in 2013). The manufacturing sector, which was the only sector in the Municipality to contract, comprised 13 per cent of the Municipality's total GDP in 2013, making it the 3rd largest in the Municipality.

8. Labour market

Unemployment remains one of South Africa's biggest challenges. Overall unemployment (as per the narrow definition) stood at 25 per cent as at the end of 2014. Skills shortages, weak economic growth and electricity supply constraints are among the most significant constraints on employment growth. The NDP aims to reduce unemployment to 6 per cent by 2030. Improvements in education and training are integral to the attainment of this goal. These issues are structural and are felt at a local government level, where high levels of unemployment put significant strain on municipal funds.

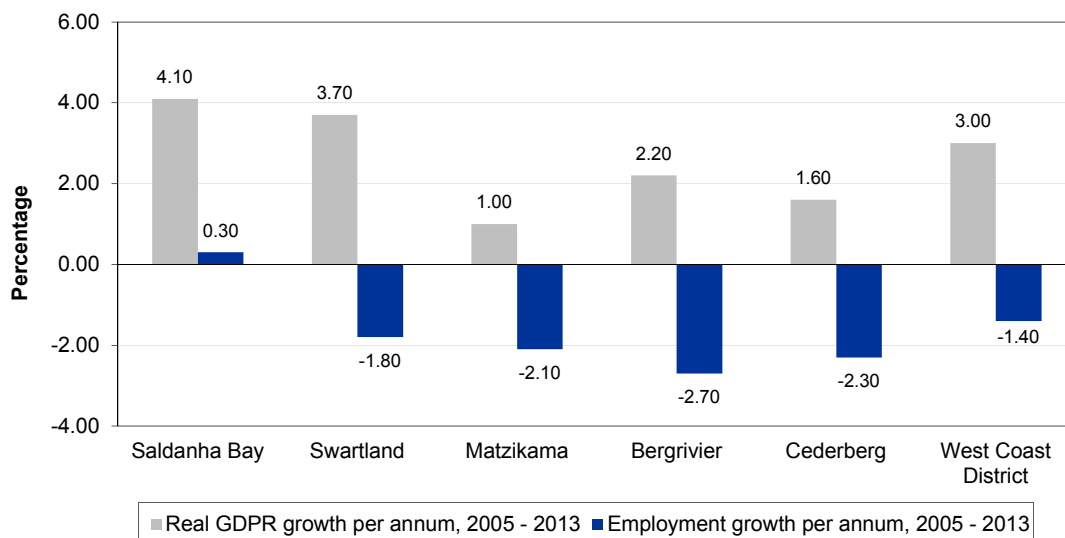
Figure 8 West Coast District municipalities: Municipal GDPR vs municipal employment, 2013



Source: *Municipal Economic Review and Outlook (MERO), 2015*

Saldanha Bay comprised 31 per cent of the employment in the District in 2013. Figure 8 shows that Saldanha Bay together with Swartland employed 56 per cent of the District's working population. Cederberg has the smallest economy and employed only 12 per cent of the District's working population.

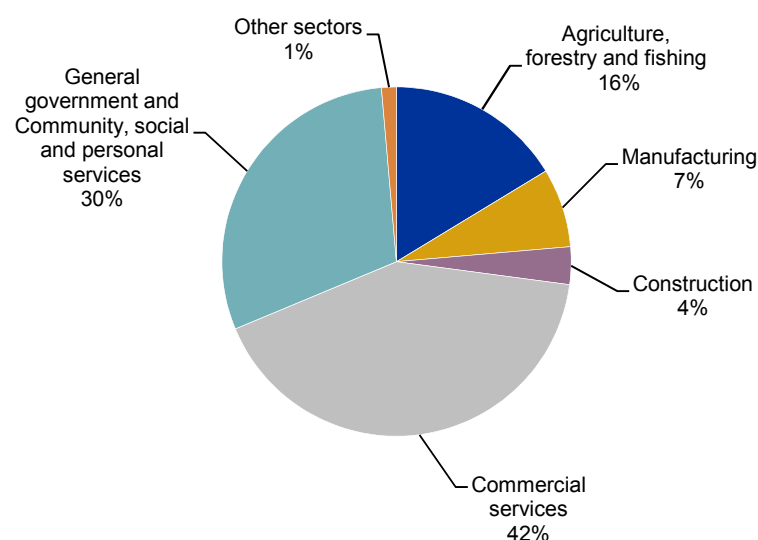
Figure 9 West Coast District: Municipal GDPR vs municipal employment, 2005 - 2013



Source: *Municipal Economic Review and Outlook (MERO), 2015*

Figure 9 provides a comparison of the annual municipal GDPR growth rate and annual employment growth rate in the District. Whilst all the municipalities in the District displayed a positive annual GDPR growth rate from 2005 - 2013, Saldanha Bay was the only municipality who experienced a positive annual employment rate over the period. The Municipality achieved 0.3 per cent employment growth annually over the 2005 - 2013 period while the District experienced a contraction of 1.4 per cent overall. Matzikama, Bergrivier and Cederberg experienced the most severe job losses at 2.1, 2.7 and 2.3 per cent respectively. Swartland, who had the 2nd fastest GDPR growth per annum, experienced a contraction of 1.8 per cent per annum.

Figure 10 Saldanha Bay: Employment by sector, 2013



Source: *Municipal Economic Review and Outlook (MERO), 2015*

Saldanha Bay's commercial services sector is the largest employer in the Municipality, employing 13 479 (or 42 per cent) of the Municipality's working population in 2013, followed by the general government and CSP services sector, which employed 9 693 (or 30 per cent). The manufacturing sector was among the Municipality's bottom 3 employers, employing only 2 374 (or 7 per cent) of the Municipality's working population.

Table 19 West Coast District: GDPR growth vs net employment, 2005 - 2013

Industry	Matzikama		Cederberg		Bergrivier		Saldanha Bay		Swartland		West Coast District	
	GDPR trend	Net employment	GDPR trend	Net employment	GDPR trend	Net employment	GDPR trend	Net employment	GDPR trend	Net employment	GDPR trend	Net employment
Agriculture, forestry and fishing	-0.3%	-3 325	-1.5%	-4 086	-2.7%	-5 385	3.7%	-3 177	0.3%	-4 707	-0.3%	-20 804
Manufacturing	-0.2%	-32	-1.9%	-522	2.3%	-310	-4.1%	-2 566	2.1%	-773	-0.3%	-4 108
Construction	7.5%	-146	10%	14	9.2%	-26	3.4%	-665	5.1%	-611	6.2%	-1 395
Commercial services	2.6%	-160	4%	550	6.4%	1 947	6.9%	3 872	7.7%	3 047	6.1%	9 566
General government and Community, social and personal services	2.3%	360	4.3%	824	-1.7%	-828	6.4%	2 925	-2.8%	-1 669	2.8%	1 741
Other	-10%	-13	-1.1%	58	-7.2%	-2	3%	293	0.3%	16	-3%	385
Total	1%	-3 316	1.6%	-3 162	2.2%	-4 604	4.1%	681	3.7%	-4 698	3%	-14 615

Source: Municipal Economic Review and Outlook (MERO), 2015

Consequent to the contraction of the manufacturing sector, net employment over the period stood at -2 566. Despite the economic growth experienced in the agriculture and construction sectors, these sectors were the only other sectors to experience net job losses of -3 177 and -665 respectively. The two fastest growing sectors (commercial services and general government and CSP services) also created the most jobs in both the Municipality and District overall, with 3 872 net jobs created in the commercial services sector and 2 925 net jobs created in the general government and CSP services sector.

Table 20 West Coast District municipalities: Employment per skills sector, 2005 - 2013

Sector composition	Matzikama		Cederberg		Bergrivier		Saldanha Bay		Swartland	
	Number	Growth p.a. 2005 - 2013	Number	Growth p.a. 2005 - 2013	Number	Growth p.a. 2005 - 2013	Number	Growth p.a. 2005 - 2013	Number	Growth p.a. 2005 - 2013
Highly skilled	1 606	-0.2%	1 193	0.7%	1 654	-1.4%	4 742	3.3%	2 698	0.1%
Skilled	3 669	-1.7%	2 838	-0.6%	4 392	-0.5%	10 790	1.5%	7 410	0.1%
Semi- and unskilled	6 845	-4.7%	6 136	-5.4%	6 105	-6.8%	10 748	-3.5%	10 087	-5.3%
Informal	3 595	3.8%	2 791	4.4%	3 821	4.6%	6 120	5%	5 873	3.5%
Total employment	15 714	-2.1%	12 958	-2.3%	15 972	-2.7%	32 400	0.3%	26 068	-1.8%

Source: Municipal Economic Review and Outlook (MERO), 2015

Saldanha Bay experienced an increase in labour demand in all the categories of employment except the semi-skilled and unskilled sectors. The demand for highly skilled labour grew at 3.3 per cent per annum, while demand for skilled labour grew by 1.5 per cent per annum. Demand for labour in the semi-skilled and unskilled sectors (in which a third of the Municipality's working population resides, and which employs the largest portion of the District's semi-skilled and unskilled workforce) contracted by 3.5 per cent per annum. This pattern is prevalent across the District, with the majority of the job losses emanating from the semi- and unskilled sector. The job losses in this sector are congruent with the job losses experienced in the agriculture, manufacturing and construction sectors, and represent an increasing trend in the demand for skilled employment (and thus employment in the tertiary sector) over unskilled labour.

9. Environment

The 2011 National Strategy for Sustainable Development for South Africa describes the concept of sustainability as composing of three overlapping developmental spheres namely, the natural environment, social context and economic activity. These spheres, which are underpinned by a system of governance, are interlinked and fully dependent on the extent and functionality of the others. A trade-off in one sphere will compromise the functionality of another with significant knock-on effects.

The natural environment, inclusive of elements such as land, inland water, biodiversity and oceans and coastlines are increasingly under pressure as a result of certain socio-economic factors such as population growth rates and increased land use. These pressures on natural resources also pose limitations to economic growth. Climate change also poses significant bio-physical and economic risks and as such, sustainable and effective resource-use and climate change response, should be both a provincial as well as municipal strategic priority.

The Environmental section outlines key focus areas relevant to the current state of the natural environment and the associated need for environmental management, specifically, within the sphere of local government. These broad focus areas – legislative reform, integrated waste management, climate change – are briefly discussed in the following section and where available, include a municipal specific overview.

This information is intended to strengthen municipal planning support, inform future budget allocations and promote resource efficiency and effectiveness to ultimately preserve the natural environment for future generations.

9.1 Law reform - Implementation of SPLUMA/LUPA in municipalities

It is paramount that municipalities have planning and decision-making mechanisms in place to support its service delivery obligations and growth objectives. The Spatial Planning and Land Use Management Act, Act No. 16 of 2013 (SPLUMA), implemented on 1 July 2015, and the Western Cape Land Use Planning Act 2014 (LUPA) ushers in a new era of planning and development decision-making where the responsibility rests largely on local municipalities to fulfil their role as land use planning decision-makers as per Constitutional mandates and obligations. Section 24(1) of SPLUMA determines that a municipality must, after consultation as prescribed in the Act, adopt and approve a single land use scheme for its entire area within five years from the commencement of this Act.

This land use scheme serves as a tool for municipalities to guide and manage development according to their vision in terms of its Integrated Development Plan (IDP) and Spatial Development Framework (SDF). This will provide potential developers and land users with a clear indication of developable land and its associated land uses within the municipal space. Clarity in land use zones can avoid any future confusion and lengthy delays in terms of prospective developments/uses.

Currently many municipalities have a Land Use Management Scheme in place in the form of Zoning Schemes, which are compliant with the provisions of the Land Use Planning Ordinance, 1985 (Ordinance 15 of 1985) (LUPO). These are known as LUPO section 7 and 8 Schemes. The process has commenced to replace these schemes to meet the requirements for Integrated Zoning Schemes (Land Use Schemes) in terms of section 24 of SPLUMA.

Transitional arrangements following the planning law reform should be noted. The Department of Rural Development and Land Reform (DRD&LR) and SALGA Circular 1 of 2015 noted that a municipality can continue to operate within old order legislative parameters in so far as that legislation does not conflict with SPLUMA. The Circular proposed that the decision-making structures associated with SPLUMA must be applied.

The Western Cape Department of Environmental Affairs and Development Planning sought a legal opinion in this regard and subsequently adopted a different approach. After consultation, the Provincial Minister of Local Government, Environmental Affairs and Development Planning has decided against a blanket implementation of LUPA in the Western Cape. Instead, a staggered implementation approach will be adopted. LUPA will be implemented, and LUPO will be repealed, in a staggered manner as and when municipalities are ready.

During the transition period, Western Cape municipalities were advised not to adopt the 'hybrid' solution proposed by DRD&LR and SALGA (Circular 1 of 2015). Instead, municipalities were advised to utilise the old-order legislation in its entirety (including decision-making structures) until the Western Cape Land Use Planning Act, Act No. 3 of 2014 (LUPA) and the LUPA Municipal Planning By-law is adopted. This was communicated in WCG: EADP Departmental Circular 0009/2015.

In order to determine a municipality's readiness, the Department developed a set of actions that each Municipality must complete before the Minister will consider recommending that the Premier repeal LUPO and implement LUPA in a particular municipality.

These actions, as communicated in WCG: EADP Departmental Circular 0006/2015, are as follows:

- a) Municipalities must have adopted and gazetted their By-law on Municipal Land Use Planning.
- b) Municipalities must be at an advanced stage of establishing their Municipal Planning Tribunal. An advanced stage is regarded as having completed Step 7 of the 'Municipal Planning Tribunal Establishment Manual'.
- c) Municipalities must have Council adopted delegations. This includes appointing the Authorised Official(s) and adopting their categorisation of land use applications.
- d) Municipalities must have Council adopted tariff structures in place for receiving land use management applications in terms of the new legislation.

On completion of these actions, the Municipal Manager must submit a letter to the Department noting the completion thereof in addition to providing the Department with the necessary supporting documentation/proof. The Department will then initiate the process of getting the Premier to implement LUPA in that particular municipality. Municipalities should note that this process may take 4 – 6 weeks to complete.

The Premier issued a proclamation to bring the LUPA into effect on 7 October 2015 in Saldanha Bay Municipality. The proclamation was published in the Provincial Gazette Extraordinary 7509 on Wednesday, 7 October 2015. As such, from 7 October 2015 all land use applications submitted to Saldanha Bay Municipality must be submitted in terms of their Municipal By-law on Land Use Planning.

Saldanha Bay Municipality currently has a Land Use Management Scheme in the form of Schemes compliant with the provisions of the Land Use Planning Ordinance No. 15 of 1985 (LUPO).

The Municipality has not yet commenced with the drafting of an integrated zoning scheme.

9.2 From waste management to integrated waste management

There is a shortage of available landfill airspace across the Province. The recovery of waste material for the waste economy is only at 9 per cent. There is a big need to move away from the landfill bias to integrated waste management. To achieve this, more integrated waste management infrastructure is urgently needed. This will increase the recovery of waste material and thereby save landfill airspace, promote the waste economy, reduce the environmental impacts of waste management and create jobs. A mind shift also is needed from municipalities to move away from seeing waste just as a nuisance and risk to realise the intrinsic value of waste and to utilise the potential value of it.

Due to the landfill airspace shortage, municipalities are exploring regional waste disposal options. Such options are however costly due to the high transport cost. The effective management of such regional facilities is also problematic due to the multi-party involvement. These regional facilities have to be operated by the district municipalities and unfortunately these municipalities do not receive any MIG Funding, which makes these facilities difficult to construct and operate. However, regionalisation of not just waste disposal facilities, but integrated waste management facilities have to be encouraged and alternative business cases such as private public ventures have to be explored.

All the waste disposal facilities except one (application to obtain a waste management licence is currently in process) have waste management licences. Since 2013 the requirements for landfill operation has increased dramatically, therefore making it difficult and very expensive for municipalities to comply with. The compliance of landfills in the Province has to increase dramatically which means that more resources are needed to meet the new legislative requirements. The majority of the landfills in the Province have by now reached full capacity must be closed and rehabilitated. Due to the strict environmental requirements set by the national

government for closure and rehabilitation of waste disposal facilities, it is very expensive to comply and municipalities find them in the difficult position that it does not have the necessary resources to rehabilitate these facilities.

Cost reflective waste tariffs are in general not charged by municipalities and combined with the high level of poverty with people who cannot afford high service charges, impacts negatively on the sustainability of the waste management service. Waste management should also be regarded as bulk infrastructure. If not, it further puts this service at a funding disadvantage. This is a perception that must be changed urgently so that waste management can also benefit equally from government funding for development and building of houses.

In general, the skill levels of municipal waste managers should be improved as well as the staff capacity available to render an effective and efficient waste management service. A further priority area for municipalities is to either align its waste management by-laws with national legislation or to publish a waste management by-law which will assist in the management of this service and facilitate interaction with the private sector to improve service delivery and to benefit from the waste economy and job creation.

9.3 Climate change

The science of human-caused climate change is undisputable⁶. The average global temperature has already increased by 0.8°C; at this rate we are on track to reach a 4°C global average warming by 2100. Evidence suggests Africa is warming faster than the global average which is having severe impacts for hard-won developmental gains across an already vulnerable continent. Climate change impacts are already evident in the Western Cape and are negatively impacting and undermining economic and social development. Infrastructure, basic resources (water, food and energy) and livelihoods will all be impacted on and these impacts will affect all sectors and stakeholders, with a particular impact on the poor and vulnerable sectors of our community. Substantial responses are required by all role-players in order to adapt to the changes that will be experienced.

To date, the implementation of climate change responses to this changed climate has been slow. Many stakeholders do not perceive that it is their responsibility or mandate to prepare for climate change, and state limited resources and the delivery of other basic services as a challenge. Climate change is everyone's business and has to be incorporated into every facet of spatial and land use planning, service delivery, infrastructure development and economic planning. Failure would compromise basic service delivery, exacerbate poverty and undermine the most vulnerable communities.

⁶ The Intergovernmental Panel on Climate Change released its 5th global assessment report in 2013, and states "warming of the climate system is unequivocal, and since the 1950s, many of the observed changes are unprecedented over decades to millennia. The atmosphere and ocean have warmed, the amounts of snow and ice have diminished, sea level has risen, and the concentrations of greenhouse gasses have increased".

The following are some recent observed trends in the Western Cape:

Climate Variable	Observed trends	Outlook and Comments
Temperature	<p>General trend of rising temperatures, including both minimum and maximum temperatures.</p> <p>Increased temperatures and increased evapotranspiration result in dry soils and vegetation which becomes more readily fire-prone.</p> <p>Tuesday March 3rd 2015 was the highest temperature ever recorded (in 100 years) in Cape Town at 42°C. This coincided with severe fires.</p>	<p>For example there has been a decrease in the number of very cold days to create the cold (or chill) units required for deciduous fruit cultivars to grow.</p> <p>Number and intensity of fires seem to be on the increase. Disaster funds for fires will need to increase, but more importantly proactive protection of ecosystems and water is the required long term response.</p>
Precipitation (Rain, snow)	<p>Reduction in rain days in autumn and summer especially on the Southern Coast.</p> <p>Evidence of a trend in increasing severity of rainfall events (i.e. more rain falls in a shorter time).</p> <p>Winter rainfall season starting later each year.</p> <p>Anecdotal information of reduction of winter snow in Karoo – may result in decreased groundwater recharge. Current status unknown.</p>	<p>City of Cape Town responding with increase flood preparedness plans in winter, and increasing standard requirements for storm water flows in infrastructure.</p> <p>Late onset of rainfall in winter of 2015 was very close to causing a major problem for wheat farmers (documented in SmartAgri Status Quo Assessment – DOA and DEADP).</p>
Wind	Wind velocity expected to increase, with stronger South Easters. Impacts currently	Impacts on tourism: e.g. Table Mountain cable car operations, Robben Island ferry operations,
Sea level rise	Sea level has been rising at the same rate as global trends. See discussion on 'sea storm surges' below.	There is global concern that previous estimates of the rates of sea level rise may have been too optimistic, and that decision makers need to be aware that worst case scenarios in this century may be possible.
Ocean temperature	The Agulhas current has warmed by 1.5°C since 1980. Changes in the distributional range of fish and other marine species. Climate change is also responsible for shifts in the distribution of the West Coast rock lobster. However the full understanding of these changes is complex and cannot necessarily all be attributed to a changing climate. ⁷	Impacts of shifting marine resources have implications for social and economic fabric of coastal communities.

⁷ SAEON. 2011 Observations in Environmental Change in South Africa.

Climate Variable	Observed trends	Outlook and Comments
Ocean Acidification ⁸	Ocean acidification would have severe impacts on most ocean life. Currently the ocean has already acidified by 0.1 pH points as a global average (this varies from region to region).	Current impacts not evidently well described.

Between 2003 and 2008, direct damage (predominantly from floods and drought in the Eden and Central Karoo Districts), caused approximately R3 billion of damage in the Western Cape. If not closely monitored and managed, above variables could potentially cause other severe natural disasters which will be detrimental to human life. These include:

Climate Variable	Observed trends	Outlook and Comments
Floods/Droughts	Numerous flood and drought events have occurred in the Western Cape in the past decades with frequency seeming to increase. Difficult to determine if these are all attributable to a changing climate, but likely, given similar trends globally. There is currently a drought in the north of South Africa which is impacting sugar and maize commodities. The Central Karoo might be entering a drought scenario (although some climate responses such as the water reuse plant in Beaufort West might be reducing these impacts currently).	ALERT: As at 20 September 2015, the Western Cape had 72 per cent dam capacity at the end of the wet season (in 2014 the Western Cape had 92 per cent of capacity).
Sea Storm Surges (big storm events)	In the past 15 years various big storm events have caused infrastructure damage along the Western Cape coastline. Studies reflect sea level has risen on the Western Cape coastline in accordance with global trends. Most impacts are due to inappropriate coastal development.	Coastal municipalities potentially having a big role to play here. Insurance companies are starting to withdraw from some vulnerable coastal areas.

⁸ As the ocean absorbs CO₂ its pH changes.

Climate Variable	Observed trends	Outlook and Comments
Fire	Observed increased fire incidences ⁹ and potential increase in extent and severity of fires. 2015 fires occurred in record breaking heat temperatures: Economic implications to the Tourism industry unknown; costs to CapeNature and SANParks not yet documented.	Challenging to differentiate how much of increase in fires and intensity is climate change related but global trends indicate climate change has a role to play. GLOBAL ALERTS: Fires in the USA and Canada in 2015 are unprecedented in scale and costs; also on the back of a prolonged drought.
Hail	There is anecdotal evidence that more hail storms are occurring in never before areas of the Western Cape, causing economic losses to agriculture (SmartAgri Status Quo Report).	Increase likelihood of hail storms is not well understood.

There is thus a unique opportunity in the immediate short term to radically shift our planning and infrastructure development to become climate resilient, and to reduce our greenhouse gas emissions that are directly driving the problem. The window of opportunity is however short and closing rapidly, implying that climate change response is urgent if the Western Cape aims to continue with a thriving local economy and to reducing inequality and poverty.

Current disaster funding approaches are not sufficient for responding to climate change. These funds are generally reactive. Disaster funding is often utilised to rebuild the exact same infrastructure in the exact same places. In order to respond effectively and responsibly to climate change all departments need to integrate climate change into infrastructure build, and planning, and to utilise standards appropriate for a changed climate regime. Furthermore, critical ecological infrastructure is required to support and buffer built infrastructure (such as dune barriers, wetlands and mountain catchments – our “natural water towers”).

10. Broadband penetration

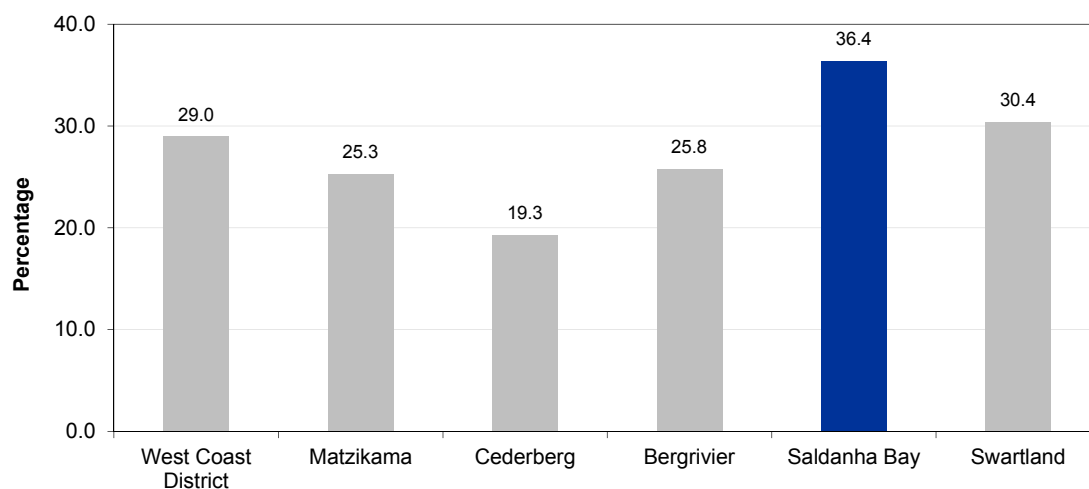
Broadband penetration offers immense economic benefits by fostering competition, encouraging innovation, developing human capital and by building infrastructure. Improved connectivity will attract new business and investments, reduce the cost of doing business and will offer small, medium and micro enterprises access to new markets. The World Bank found that for every 10 per cent increase in broadband penetration in developing countries, there is an increase of 1.38 per cent in GDP growth. Municipal broadband initiatives (internet services provided by a municipality) also offer great potential for enhanced economic growth and development, provided they address the key pillars of access, readiness (skills) and usage (stimulating demand for the Internet).

⁹ <http://www.iol.co.za/news/south-africa/western-cape/cape-fire-insurance-firms-brace-for-claims-1.1827557#.VfnA8RGcDGc>

Improved internet penetration and accessibility also offers direct benefits for local government entities to improve the efficiency and effectiveness of public services. These benefits include the roll-out of e-services that will allow for the online payment of municipal accounts, motor vehicle registrations, animal registrations, reporting of infrastructure defects, free indigent services applications, career applications as well as tender applications. Online feedback mechanisms via social media will also support the facilitation of public participation during the annual reporting process and will offer constituents a platform to express public satisfaction.

Greater connectivity will also allow public servants remote access to information such as previous traffic infringements, building plan applications and outstanding accounts, for example.

Figure 11 West Coast District: Internet access, 2011



Source: Statistics South Africa, Census 2011

In the West Coast District Municipality, 29 per cent of households had access to the internet in 2011. Saldanha Bay Municipality compares favourably and, at 36.40 per cent, had the highest penetration rate in the District. This rate offers great potential for economic growth by improving access, readiness and usage of the Internet within the Municipality.

In order to improve access and stimulate usage of the Internet, the Western Cape Broadband Initiative will be implementing Wi-Fi hotspots at a Provincial government building in every ward across the Province over the next three years. These hotspots will allow limited free access (250 Mb per month) to any citizen, as well as allow all gov.za websites to be accessed free of charge. In the West Coast District Municipality, Wi-Fi hotspots will be installed in 46 wards in total, including a hotspot in each of the 13 wards in the Saldanha Bay Municipality.

11. Concluding remarks

Saldanha Bay is the largest and was the fastest growing municipality in the West Coast District (with GDP growth averaging 4.1 per cent per annum over the 2005 - 2013 period). The Municipality is not only the largest employer in the District (employing 31 per cent of the district's workforce), but is also the only municipality in the district to achieve employment growth, with 681 jobs (net) created between 2005 and 2013. The Municipality nevertheless sustained significant job losses in the semi-skilled and unskilled (agricultural and manufacturing) sectors. A municipality's economic performance plays a significant role in shaping the socio-economic reality of the regions inhabitants. Given the Municipality's relatively favourable economic performance, the socio-economic conditions prevailing in the area are relatively favourable overall. There nevertheless exists scope for improvement within certain areas.

It is concerning that 4 149 households in the municipal area earn less than R400 a month. The dropout rate measured amongst Grade 10 learners of 2013 and Grade 12 learners at the start of 2015 were 32.4 per cent implying that one in every three Grade 10 and 12 learners dropped out of school before they complete their schooling, and the matric pass rate declined from 90.5 per cent to 87.9 per cent from 2013 to 2014. With regard to health, the Municipality reported the highest incidence of severe malnutrition among children under 5 years old.

It is important that the Municipality takes cognisance of the information provided in this report (with particular reference to the areas within which there exists scope for improvement) if the holistic development of the inhabitants in the Municipality is to be realised.

Annexure

Saldanha Bay: Ward specific access to basic services, 2011

Water							
Municipality/ Ward	Piped (tap) water inside dwelling/ institution	Piped (tap) water inside yard	Piped (tap) water on community stand: distance less than 200 m from dwelling/ institution	Piped (tap) water on community stand: distance between 200 m and 500 m from dwelling/ institution	Piped (tap) water on community stand: distance between 500 m and 1 000 m (1 km) from dwelling/ institution	Piped (tap) water on community stand: distance greater than 1 000 m (1 km) from dwelling/ institution	No access to piped (tap) water
Saldanha Bay	23 113	4 957	521	49	14	6	175
Ward 1	1 020	1 572	81	25	1	1	21
Ward 2	2 572	302	4	1	0	1	35
Ward 3	1 136	102	4	1	2	1	0
Ward 4	1 596	356	1	0	1	1	31
Ward 5	2 064	20	9	2	0	0	8
Ward 6	2 912	44	11	1	1	0	31
Ward 7	1 909	167	6	0	0	0	11
Ward 8	1 846	52	16	7	0	0	4
Ward 9	1 266	1 905	343	5	6	0	8
Ward 10	2 129	81	5	3	0	0	3
Ward 11	1 419	145	21	2	2	2	13
Ward 12	1 800	159	9	2	0	0	6
Ward 13	1 444	50	10	0	0	0	4

Electricity						
Municipality/ Ward	Electricity	Gas	Paraffin	Candles (not a valid option)	Solar	None
Saldanha Bay	27 968	40	228	443	55	101
Ward 1	2 526	1	124	65	2	4
Ward 2	2 788	7	5	109	3	4
Ward 3	1 212	2	8	16	4	6
Ward 4	1 940	0	3	23	3	18
Ward 5	2 078	3	2	15	0	4
Ward 6	2 967	0	2	11	19	1
Ward 7	2 007	2	2	35	2	46
Ward 8	1 897	4	4	13	7	0
Ward 9	3 365	9	71	80	3	6
Ward 10	2 190	1	0	23	4	3
Ward 11	1 545	8	5	34	4	8
Ward 12	1 964	1	4	3	3	1
Ward 13	1 487	2	0	17	1	0

Refuse removal

Municipality/ Ward	Removed by local authority/private company at least once a week	Removed by local authority/private company less often	Communal refuse dump	Own refuse dump	No rubbish disposal	Other
Saldanha Bay	27 862	135	59	606	119	54
Ward 1	2 688	2	0	4	24	4
Ward 2	2 910	2	1	1	1	0
Ward 3	1 218	19	4	1	0	5
Ward 4	1 985	0	0	0	1	1
Ward 5	2 001	7	22	51	20	1
Ward 6	2 938	19	4	39	2	0
Ward 7	1 755	12	3	308	6	9
Ward 8	1 796	9	10	79	22	10
Ward 9	3 403	54	9	54	10	2
Ward 10	2 208	2	5	2	1	3
Ward 11	1 488	5	2	64	29	16
Ward 12	1 969	4	0	2	1	0
Ward 13	1 504	0	0	0	1	3

Sanitation

Municipality/ Ward	Flush toilet (connected to sewerage system)	Flush toilet (with septic tank)	Chemical toilet	Pit toilet with ventilation (VIP)	Pit toilet without ventilation	Bucket toilet	Other	None
Saldanha Bay	26 672	1 075	19	33	22	232	239	543
Ward 1	2 396	14	0	0	0	49	14	248
Ward 2	2 704	5	0	0	0	64	77	66
Ward 3	1 208	23	0	0	0	4	2	11
Ward 4	1 746	137	0	1	1	43	18	41
Ward 5	1 945	132	0	0	0	4	5	16
Ward 6	2 894	61	8	4	6	4	8	16
Ward 7	1 895	135	4	0	9	6	2	42
Ward 8	1 833	47	3	2	3	5	22	10
Ward 9	3 153	347	2	4	0	3	13	12
Ward 10	2 163	32	0	3	0	14	4	5
Ward 11	1 340	132	3	3	1	21	52	53
Ward 12	1 927	0	0	0	0	10	21	18
Ward 13	1 468	11	0	15	2	5	2	5

Reference: PTR 13/2/6 (2015/16)

The Municipal Manager
Saldanha Bay Municipality
Private Bag X12
VREDENBURG
7380

For attention: The Municipal Manager and IDP Manager

SALDANHA BAY MUNICIPALITY FINAL SOCIO-ECONOMIC PROFILE 2015

The Provincial Treasury herewith presents the 2015 Socio-economic Profile of **Saldanha Bay Municipality** to assist with planning, budgeting and service delivery prioritisation.

The 2015 Socio-economic Profile (SEP) builds upon the success of previous editions by providing updated information relating to demographics, education, health, poverty, safety and security, basic service delivery, economy, labour market and environmental management. New information has also been added in the form of ward specific basic service delivery statistics, broadband penetration rates as well as municipal specific Wi-Fi roll-out data. The 2015 SEPs also include an informative infographic which provides an one-page socio-economic snapshot of the Municipality.

Provincial Treasury provided your Municipality the opportunity to provide inputs and comments on the draft 2015 SEP which was subsequently considered and incorporated in the final Profile. We thank you for your cooperation in this regard.

The attached Profile will also be available on Provincial Treasury's website by end of January 2016, at the following link:

<http://www.westerncape.gov.za/dept/treasury/documents>

We trust that you find the information and analysis contained in the Profile useful and valuable for your 2016 strategic planning and budgetary processes.

Kind regards

A handwritten signature in black ink, appearing to read 'M. Booysen', with a long horizontal stroke extending to the right.

MALCOLM BOOYSEN

DIRECTOR: LOCAL GOVERNMENT BUDGET OFFICE

DATE: 18 December 2015



West Coast Industrial Plan

Project-based infrastructure demand analysis

Nick Graham, AB van der Merwe & Gillian Sykes

26 November 2015

Presentation Overview

- Overview of large industrial projects
- Methodology
- Total anticipated capex, jobs and timing
- Service demand impacts & synergies
- Total estimated infrastructure requirement costs
- Demonstrate model functionality
- Direct jobs and skills analysis
- Estimate of induced demand for social facilities
- Additional synergies
- Closing the loop: suggested assessment framework

Overview of Industrial projects considered

- Not possible to directly interview all projects.
 - Information sourced from a mixture of interviews, EIAs, info supplied through an intermediary

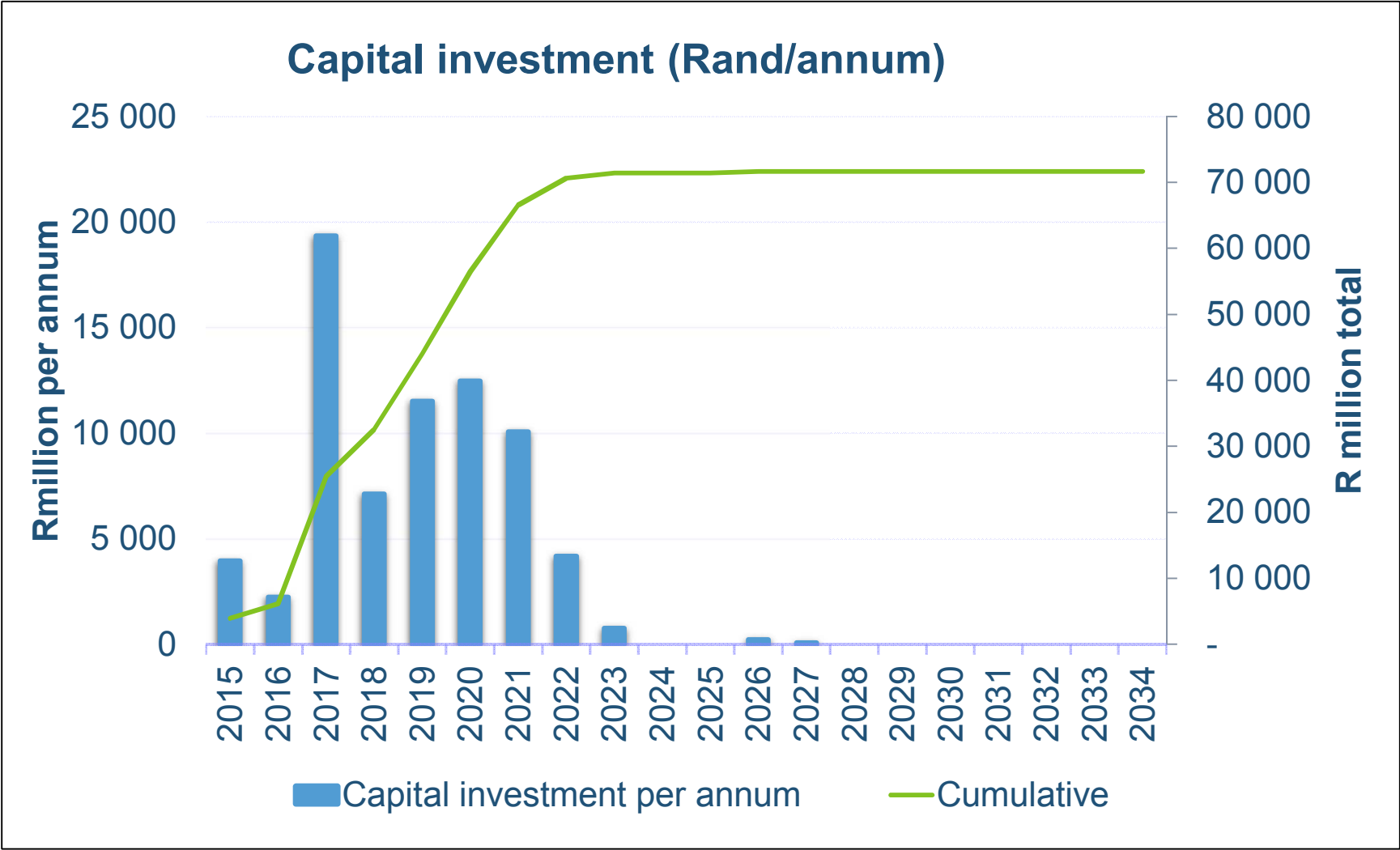
Sector	Number	Probability
Mining, quarrying & manufacturing	9, (7 involve processing of some kind)	High, but delayed starts due to lack of market finance
Mineral storage	5	Market driven, unknown
TNPA projects	5	Delays due to market finance
Oil & gas sector storage and/or distribution	3	At least 2 probable
Oil and gas sector servicing	2	Dependent on other market developments
Gas power plants	6	Max 2 expected to proceed
Fishing industry	1	High

Methodology, key assumptions & data limitations

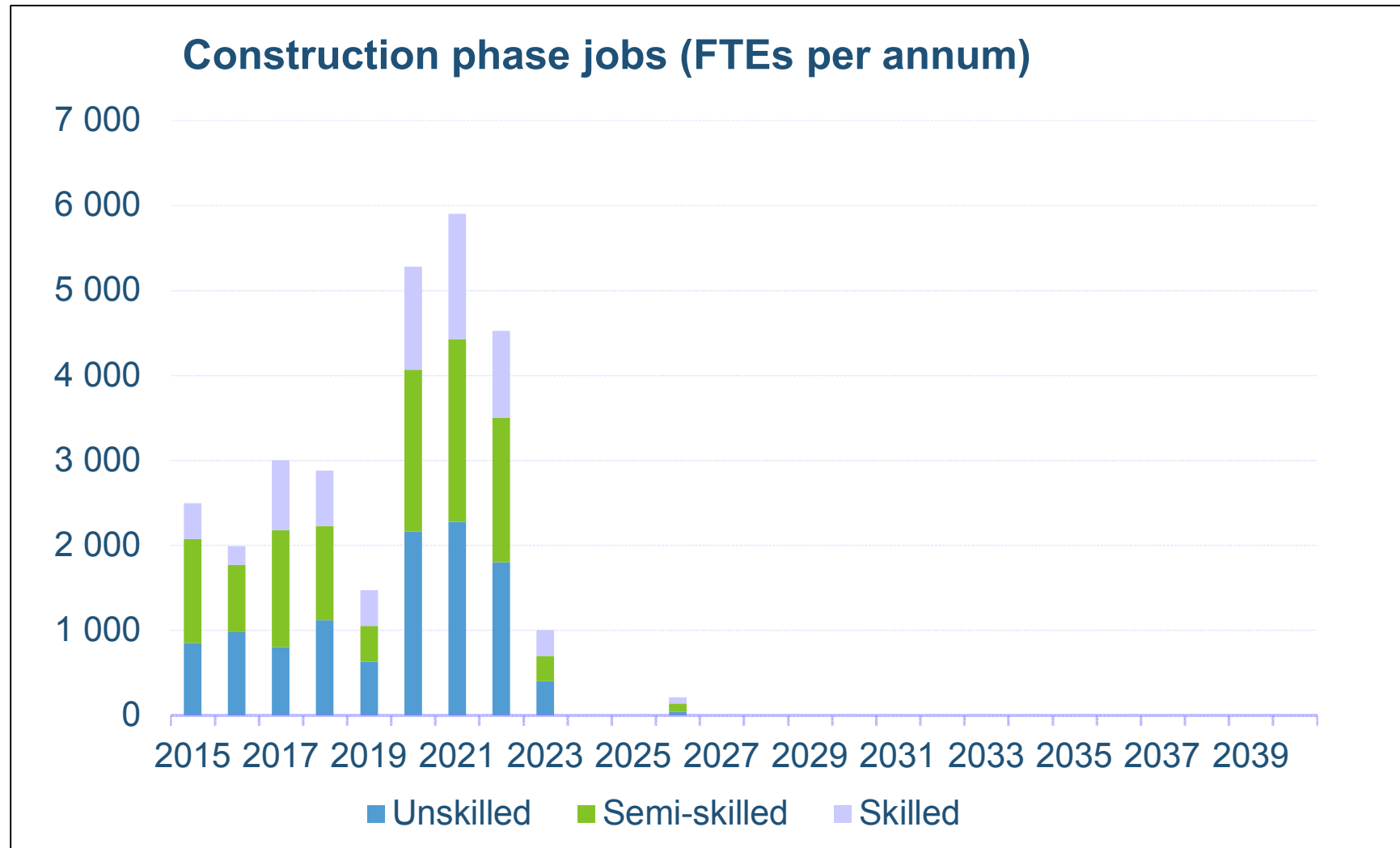
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- Analysis focused on technical service demands, not economic impact
 - No turnover figures provided, IPP concerns, market conditions
- Developed simple Excel model to assess impact of project timing and probability in total demand for services.
 - Assumed no growth in demand for existing industrial base
 - Did include estimated induced demand from in-migration
- Separate analysis of in-migration estimates, and related demand for social services

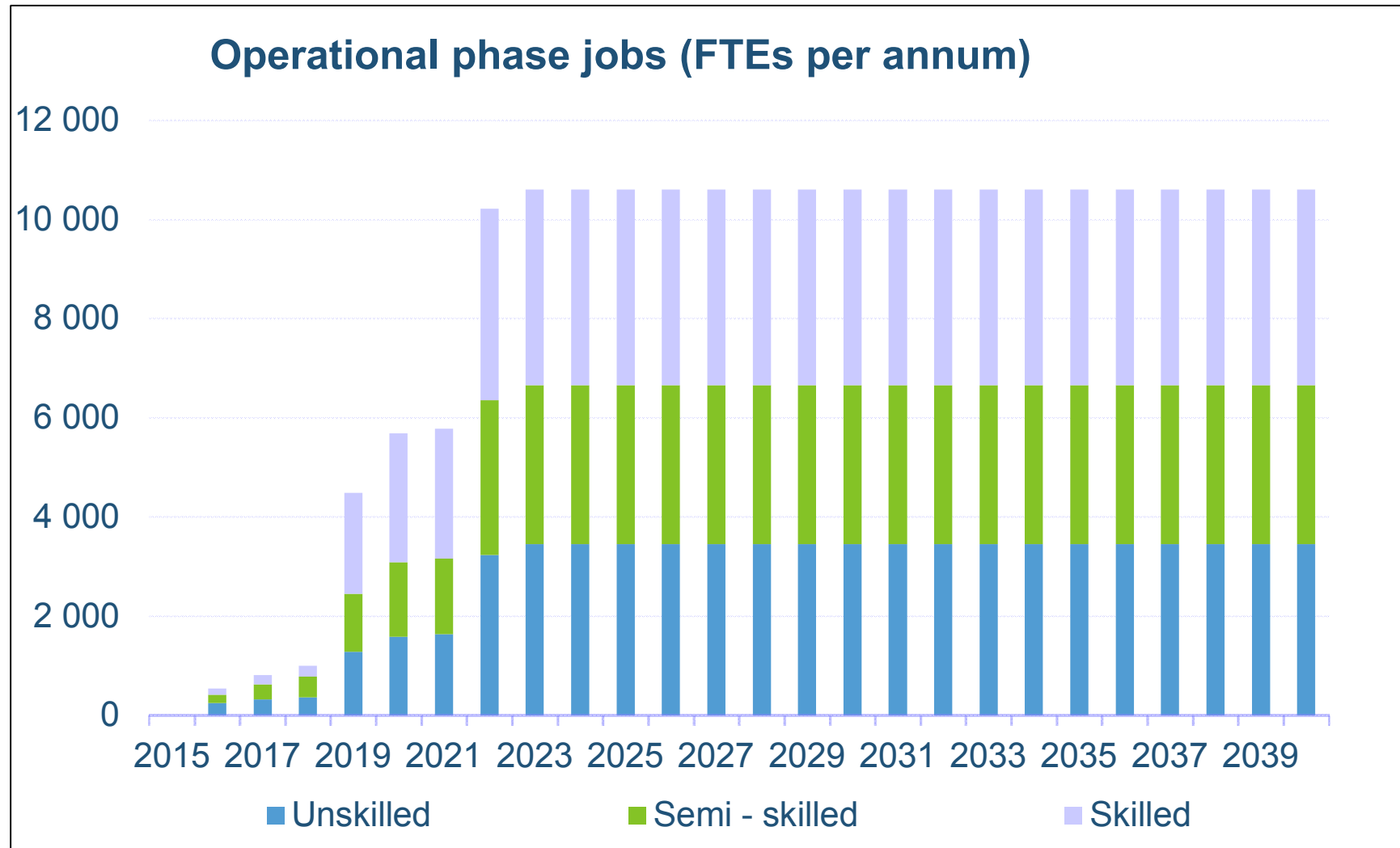
Current estimated timing & magnitude of project related capex



Construction phase jobs created



Direct operational jobs created

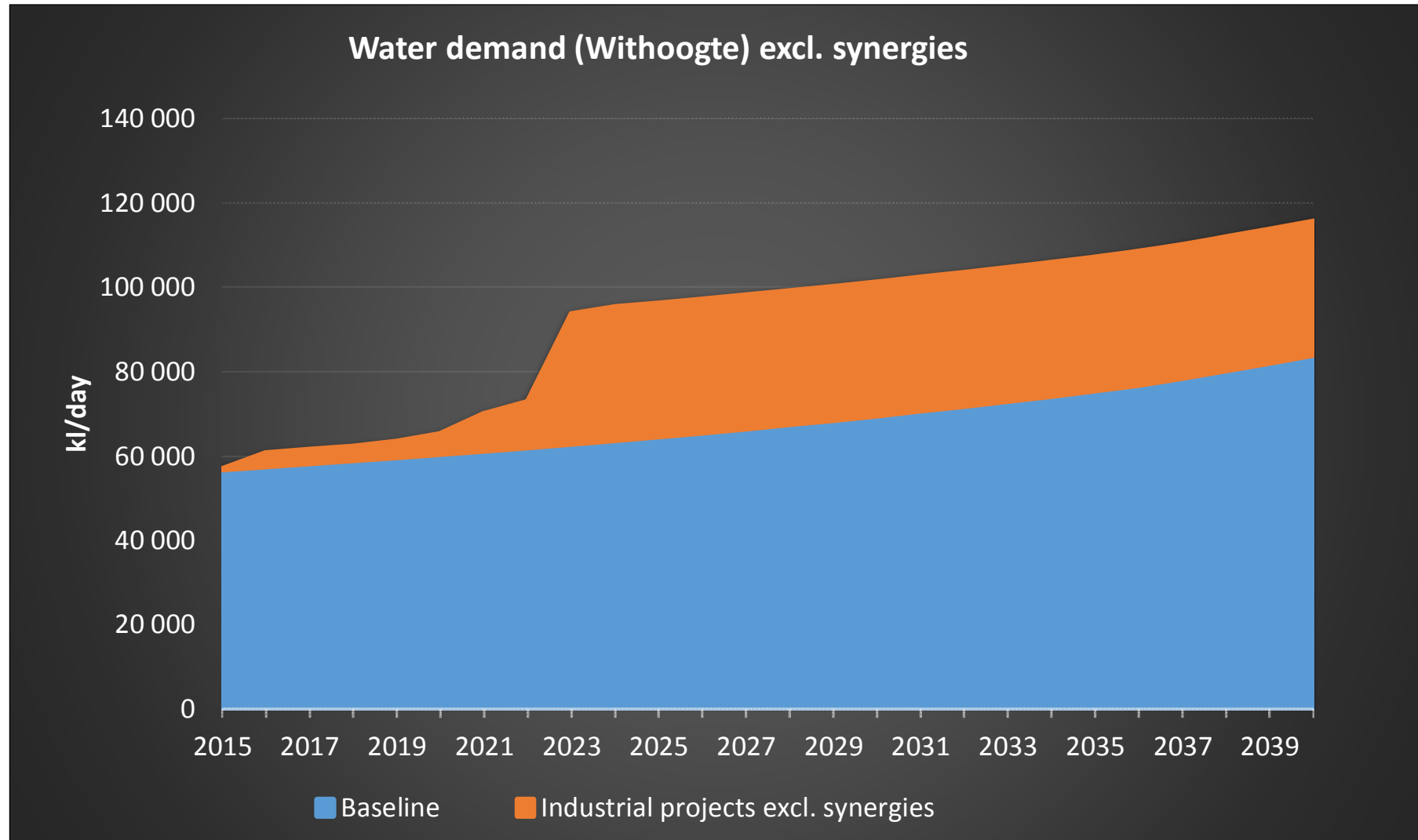


IMPACT ON SERVICE DEMAND AND INFRASTRUCTURE SUPPLY OPTIONS

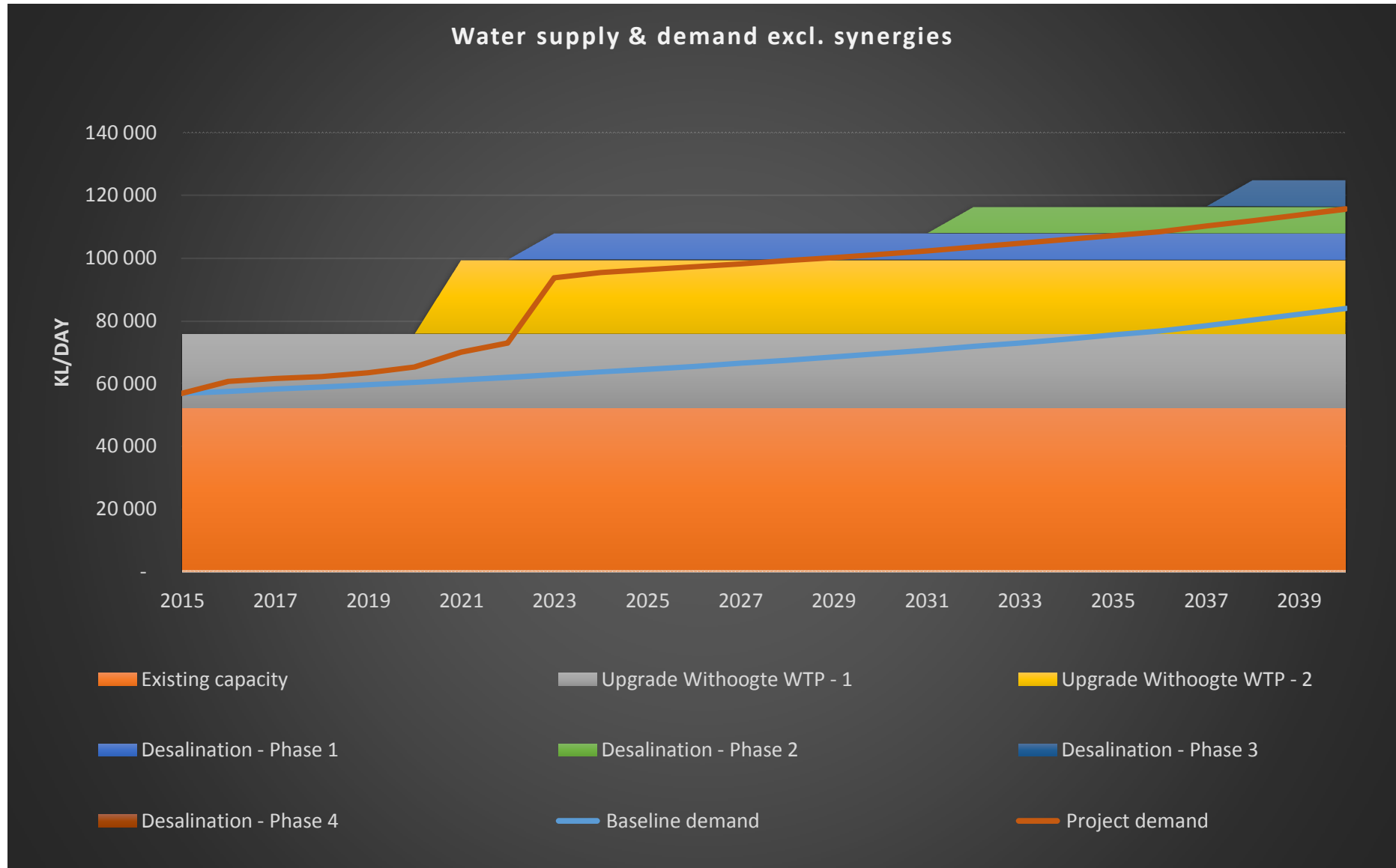
Water System

- Main raw water source = Misverstand Dam
- Demand from the Withoogte system, (which supplies SBM and parts of the surrounding municipalities) currently exceeds the supply allocation of 22 million m³/annum.
- Proposals include expansion of Withoogte, additional pipelines, demand management, increased allocation from Berg River, & desalination.
 - Desalination will impose extra costs on existing industry.
- AADD was originally expected to increase from 41 MI/d in 2012 to **112 MI/d in 2040 (project demand estimate of 116MI/d, 109 MI/day with synergies)**

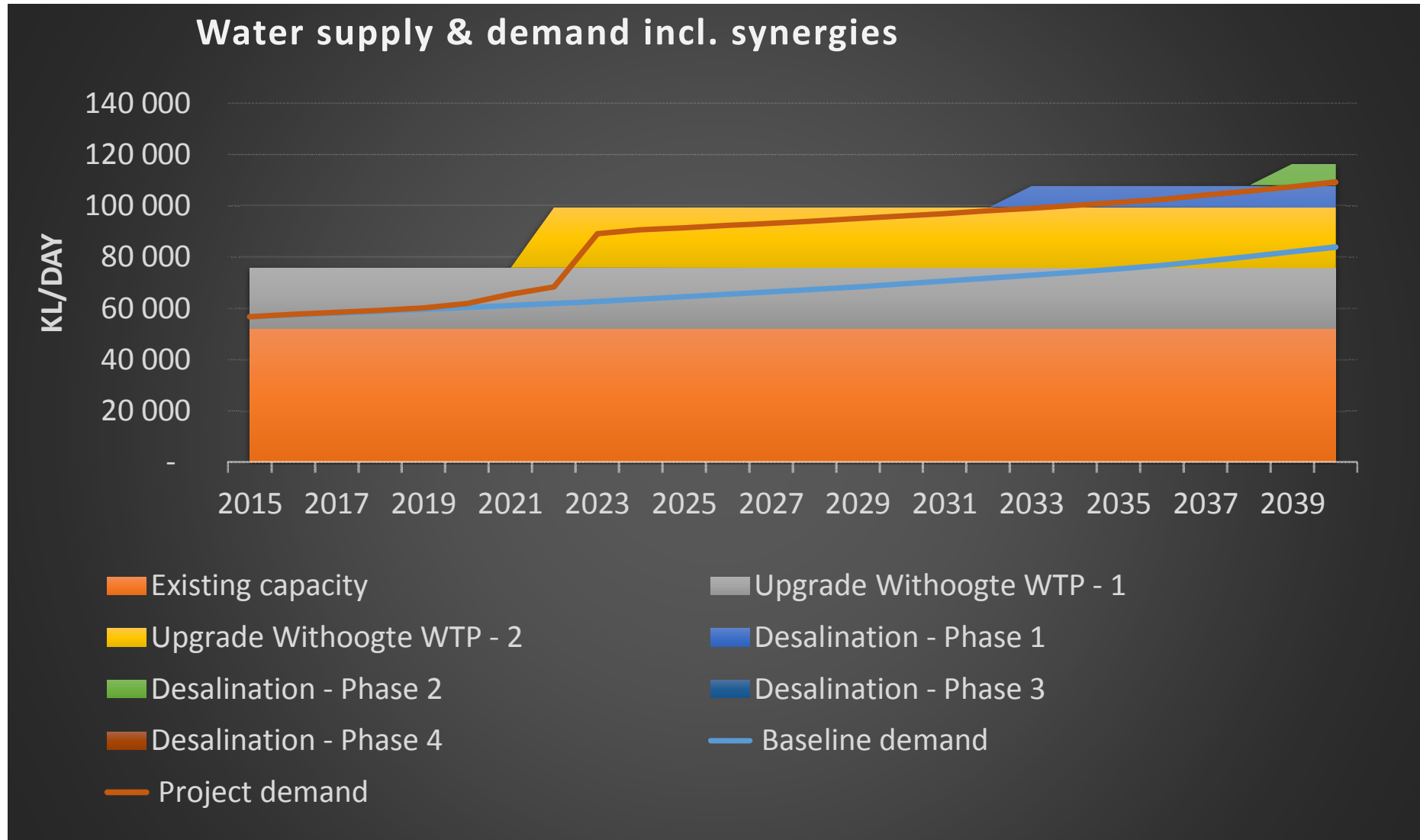
Estimated impact on total water demand



Impact on water demand & supply options



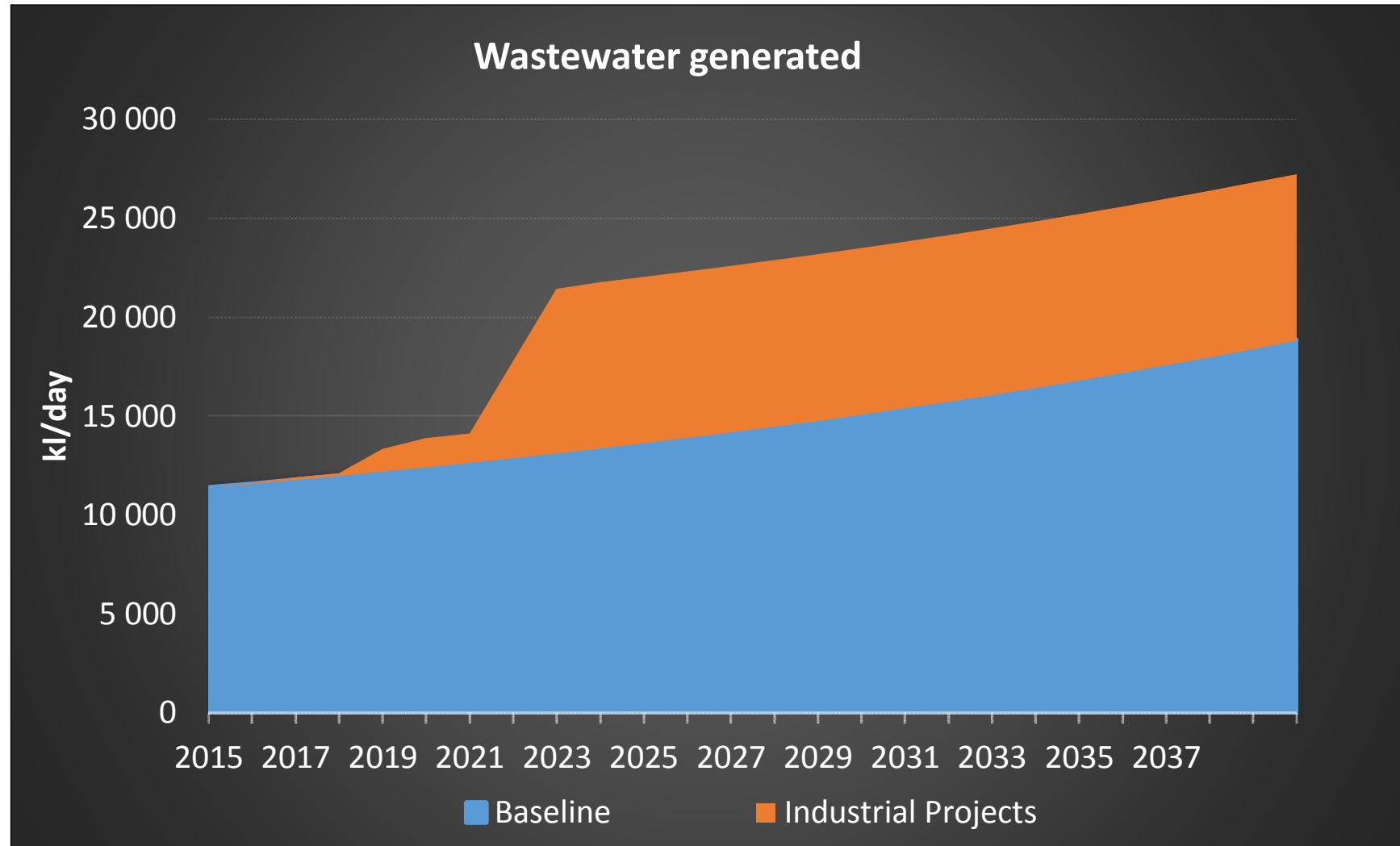
Water Supply options with synergies



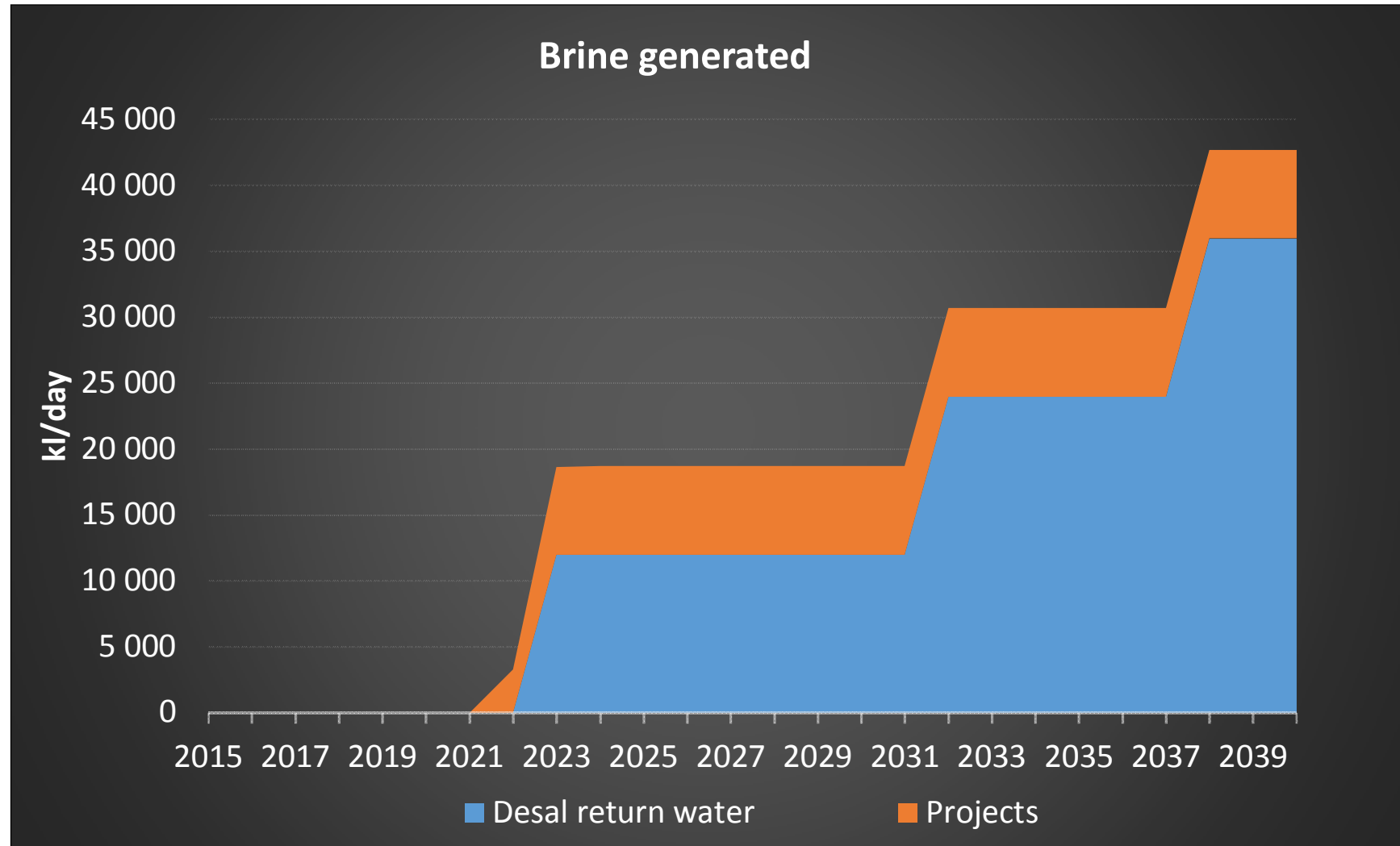
Sanitation & industrial effluent

- Original predicted increase in wastewater volumes from 14 million m³/a in 2010 to 17 million m³/a in 2030.
 - **Current estimates of approx. 17 million in 2030, 20.5 by 2040**
- Upgrading of Langebaan WWTW constrained due to lack of space; upgrading required at the Saldanha and Vredenburg WWTWs,
 - Possibility of a centralised WWTW capable of handling industrial waste.
 - Options for re-use of effluent for supply to industry.
- Disposal of industrial effluent (esp. brine) a key issue
 - Possible synergy with proposed desalination plant (only one outfall allowed into sea)
 - Also on-site pre-treatment by industries

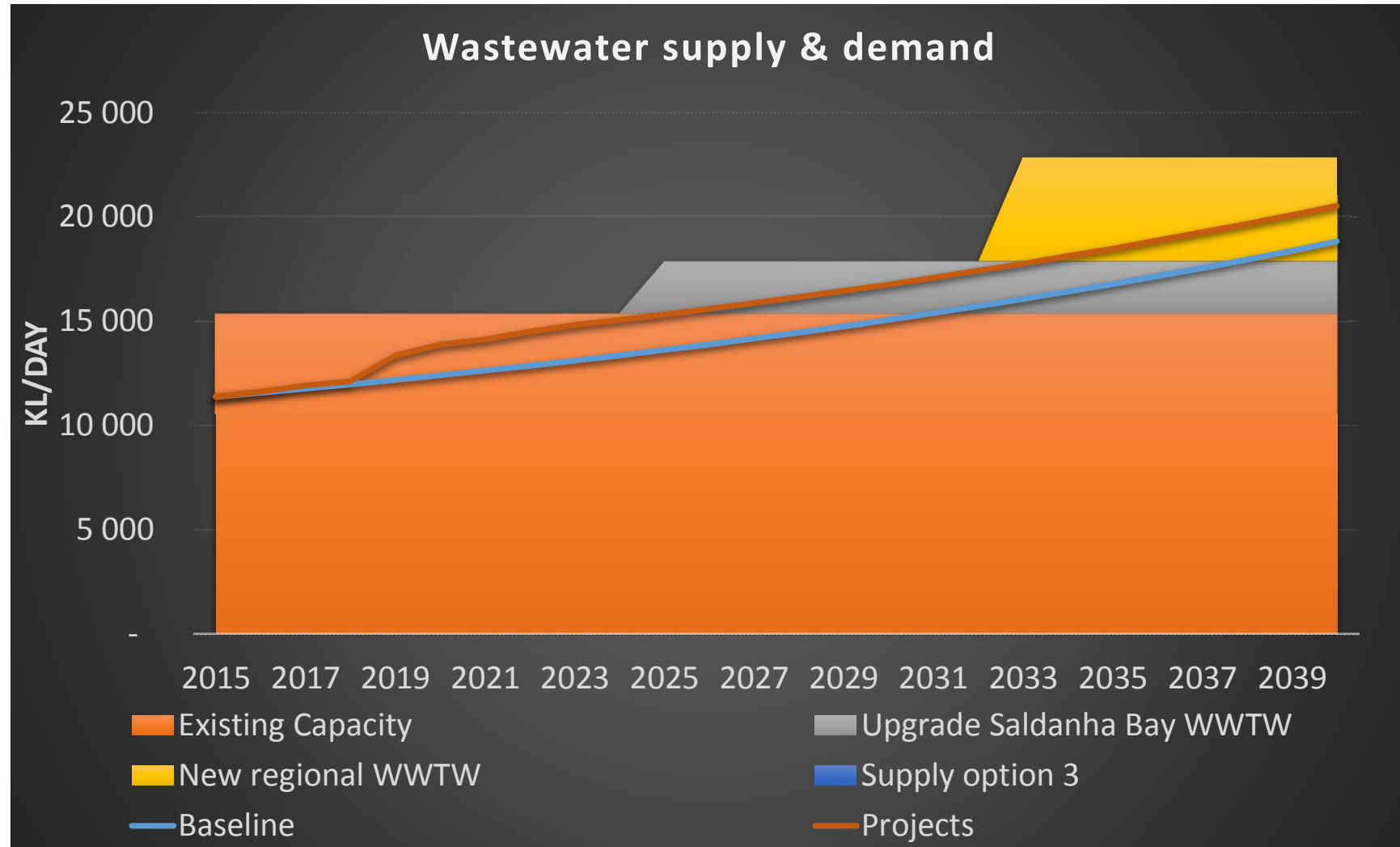
Total wastewater generated



Anticipated brine outfall volumes



Wastewater supply & demand



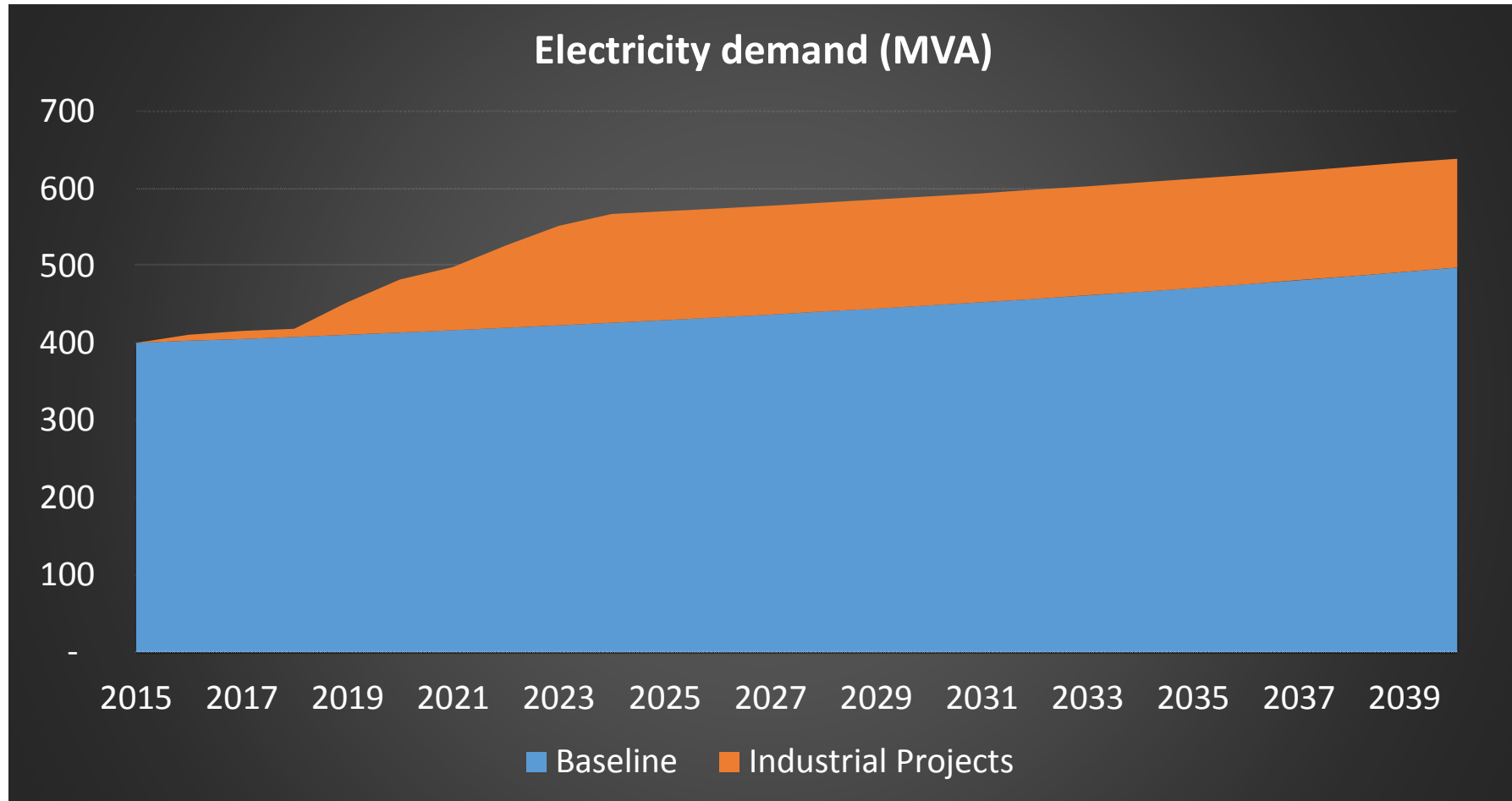
Electricity System

- **Infrastructure constraint is on the transmission lines & sub-stations, not a supply issue**
- Notified Maximum Demand (NMD) for electricity (from major towns) estimated at 55 MVA, maximum peaks of about 47 MVA.
- Current losses at around 12%
- Earlier estimates indicated that electricity supply would soon outstrip supply given current applications: currently lower due to global market conditions, fuel switching
- Current 66MVA available capacity at Blouwater allocated to the rare earth mineral beneficiation project

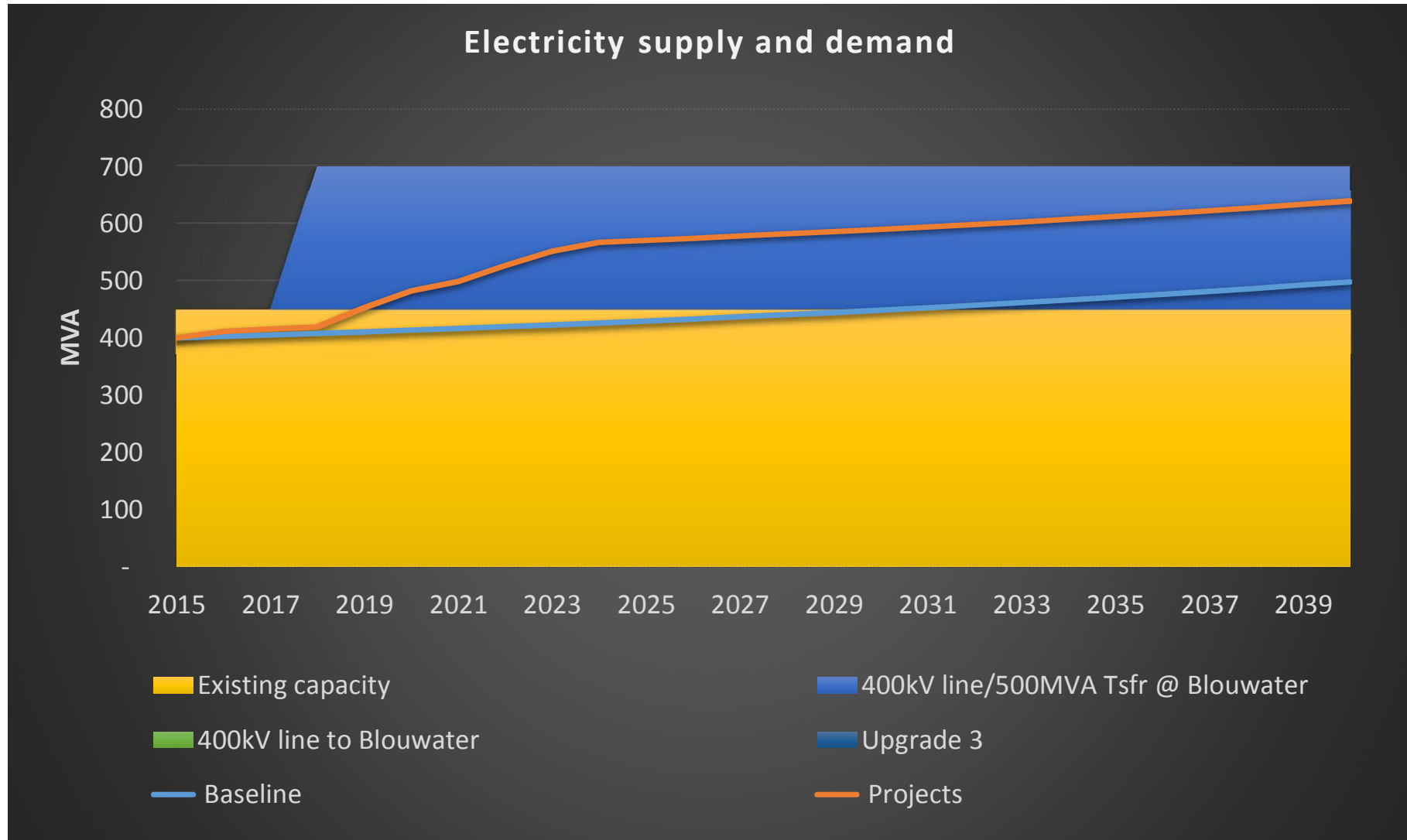
Current supply proposals include:

- Additional 132 kV transmission lines between Aurora Transmission Station and Blouwater Substation
- Extend 400 kV system from Aurora to Blouwater and upgrade the status of Blouwater Substation to a fully-fledged transmission station

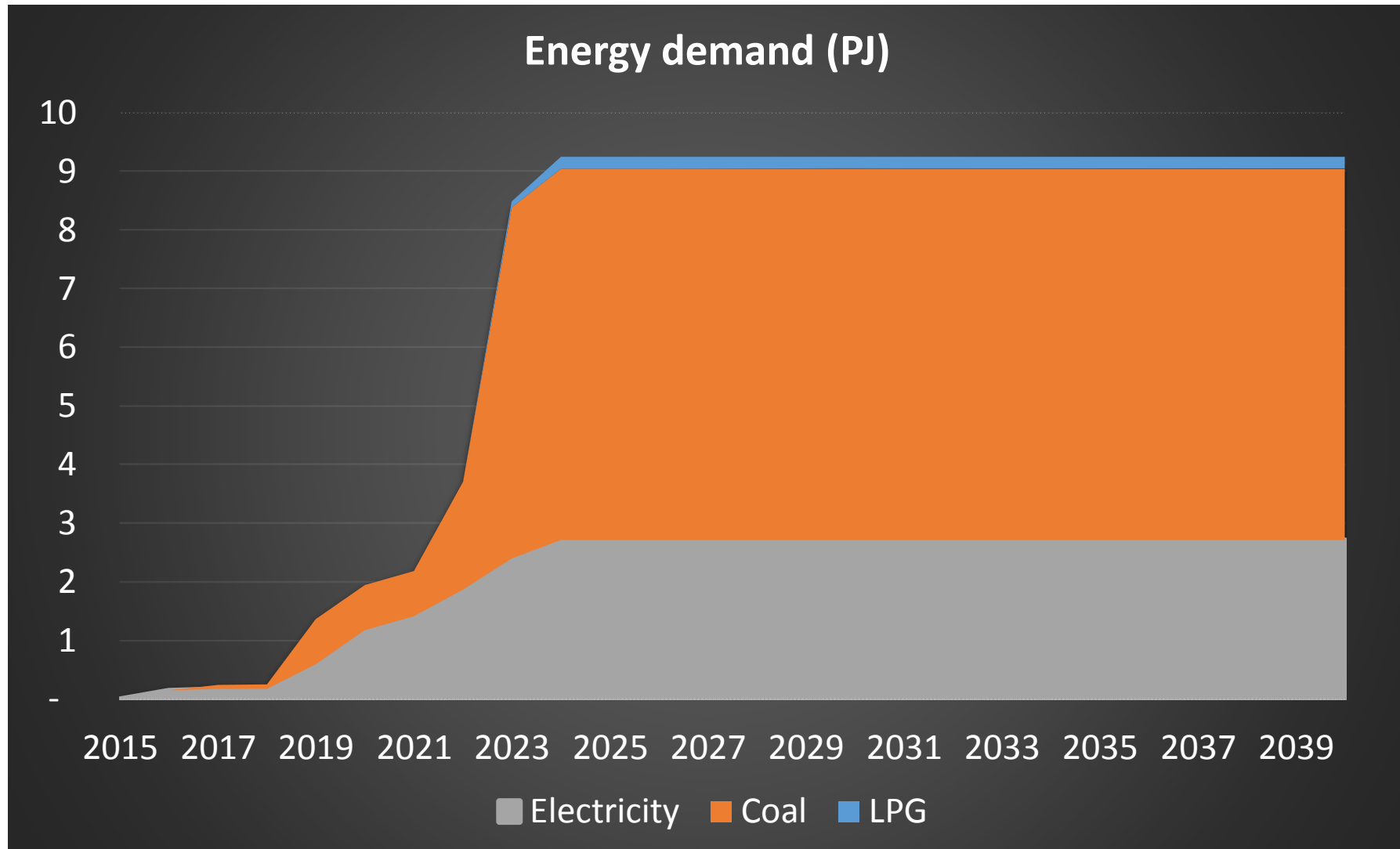
Electricity demand



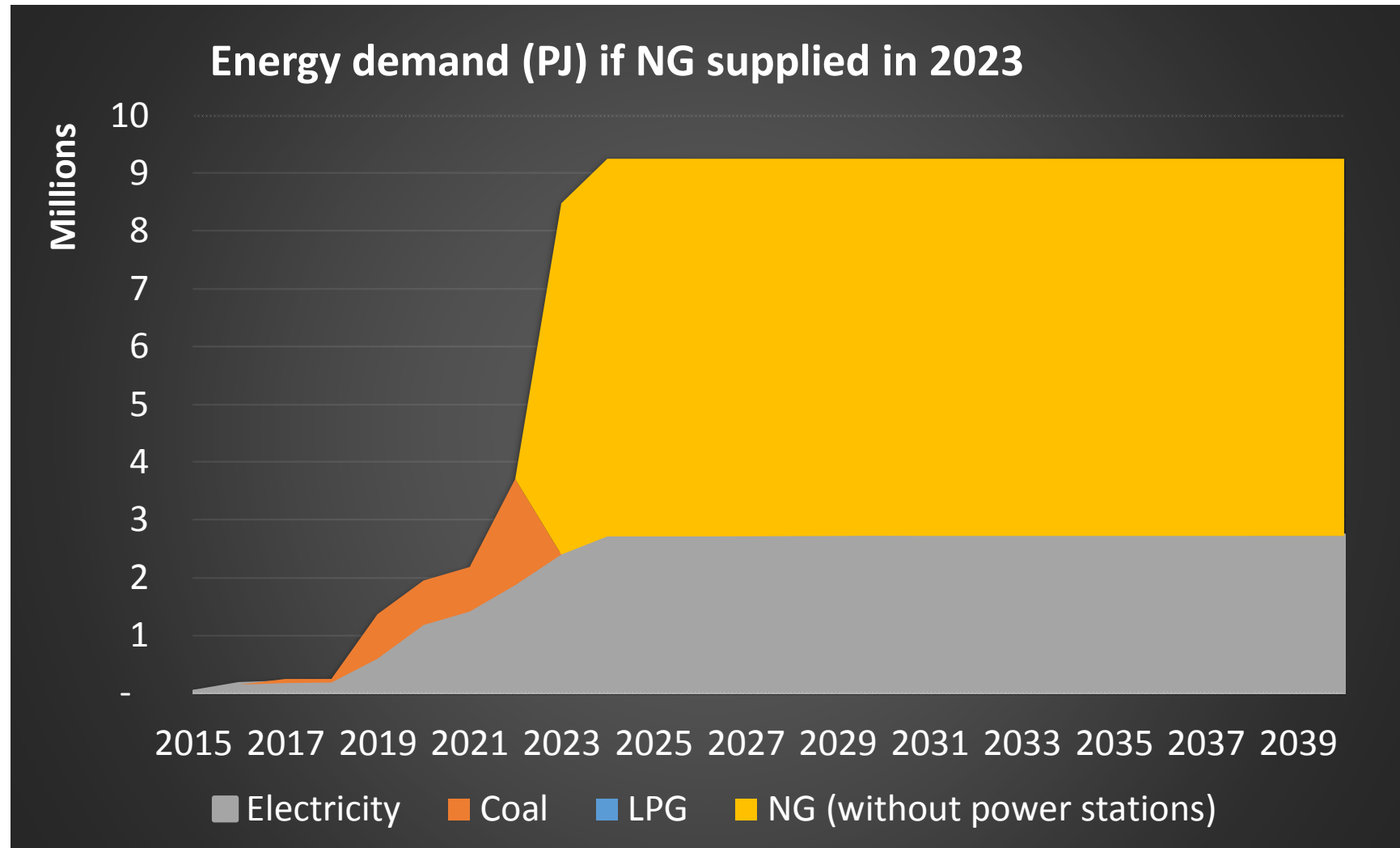
Electricity supply and demand



Energy demand by fuel type



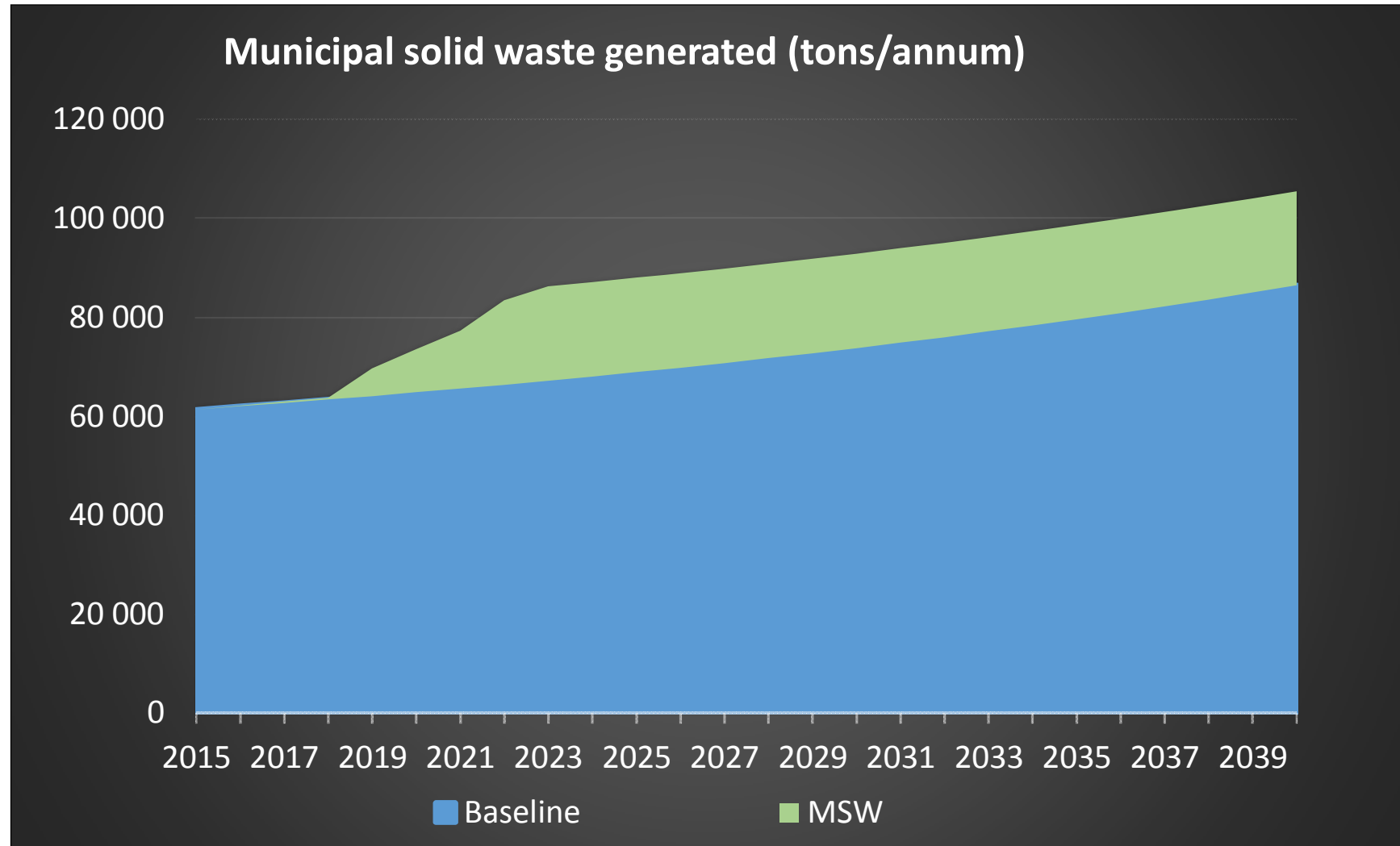
Energy demand with NG from 2023



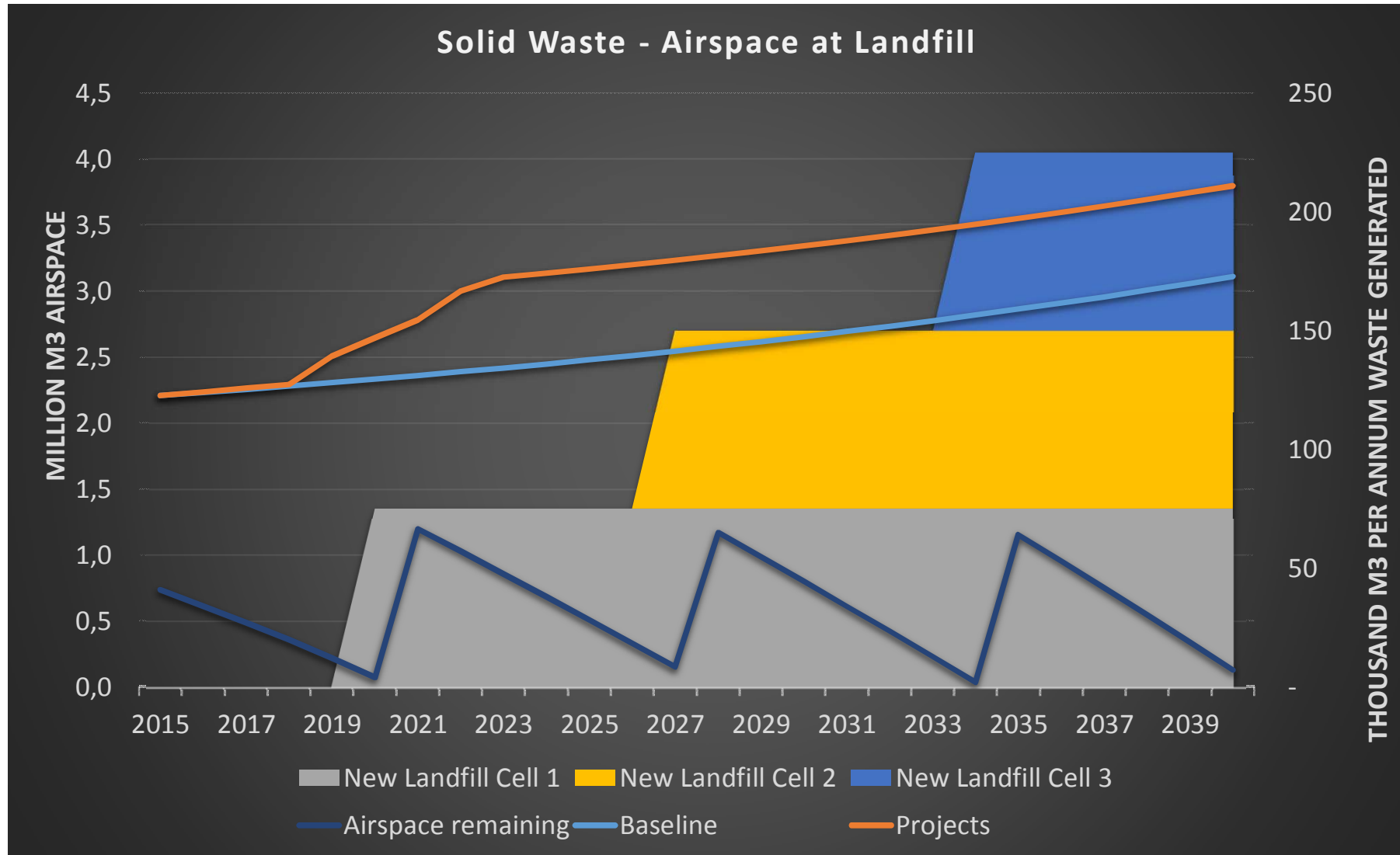
Current solid waste situation

- Need for a solid waste transfer station.
- Need to address hazardous waste – currently all transported to Vissershok in CoCT
- Vredenburg land expected to reach max capacity in 5 years.
 - Site may be upgraded and expanded to become a district landfill

Municipal Solid Waste generated

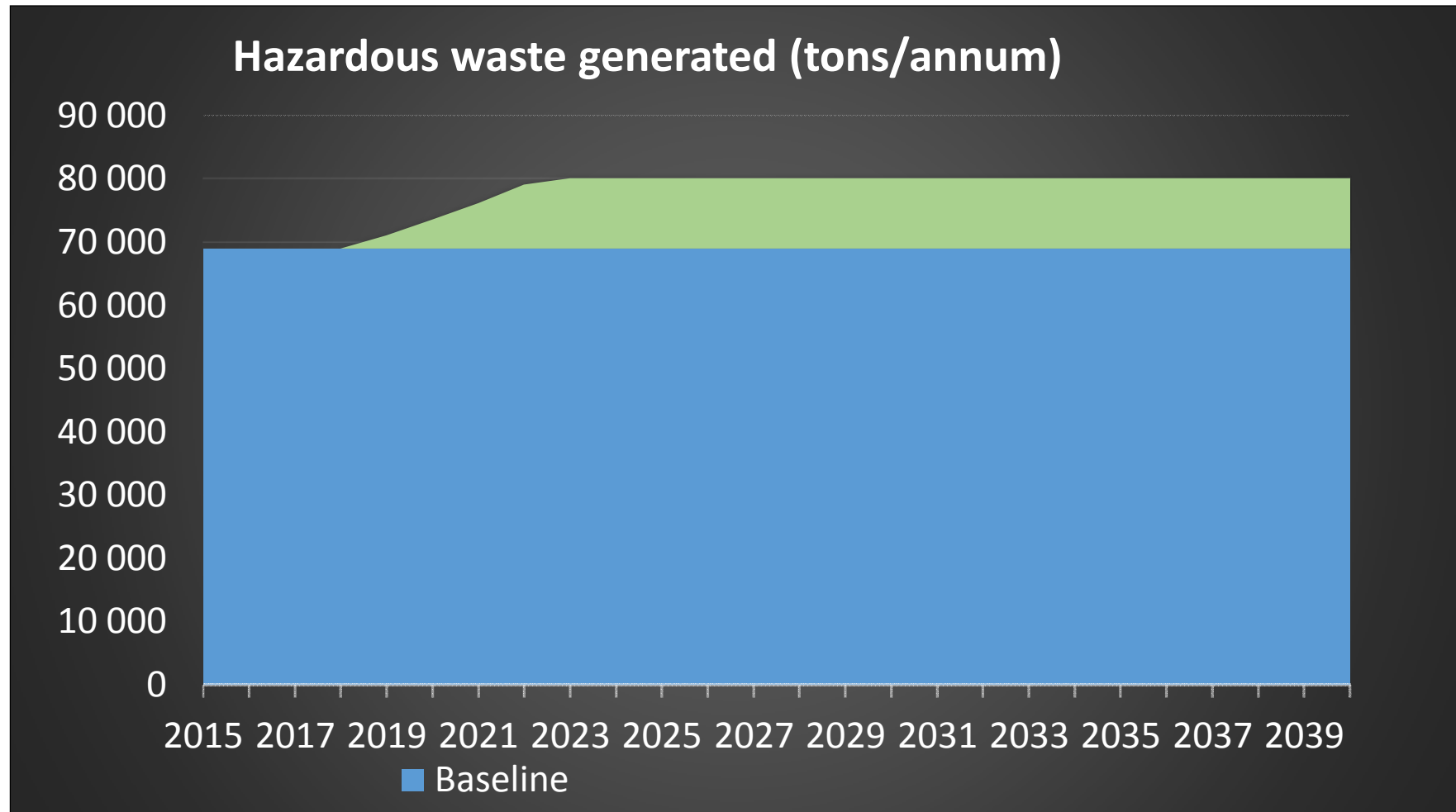


MSW – Airspace supply & demand



Hazardous waste generation

Relative to Vissershok volumes



Estimated cost of additional service infrastructure requirements

26

Projected service outputs			
Service	Capital cost (R million)	Additional demand (2040)	Units
Water	2,620	115,625	kl/day
Wastewater	148	20,518	kl/day
Electricity	963	639	MVA
Solid waste	48	105,476	Tons / annum
Port In	-	1,349,202	Tons / annum
Port Out	-	4,085,571	Tons / annum
Rail in from the North	-	2,674,386	Tons / annum

Current land transport context

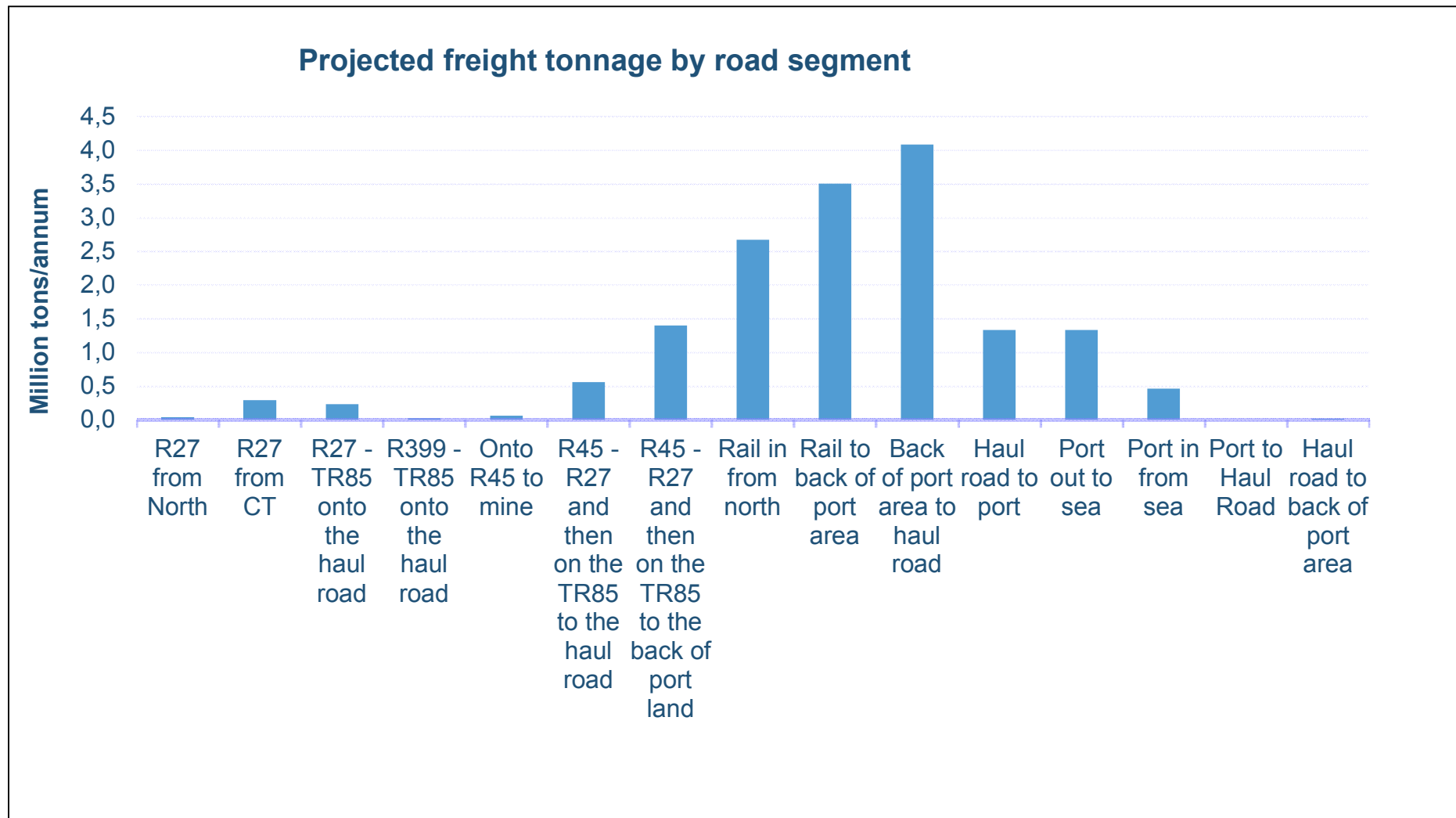
- Road networks identified as significant barrier to expansion of industrial corridor linking eastern Saldanha with Port and Port with SW Vredenburg. (meant to be addressed by Operation Phakisa)
- Rail: Current plans to upgrade existing Transnet freight line
 - Even without the predicted investments, the Cape Town-Saldanha connection can cope with the moderate traffic expected to 2040.
 - Despite good technical condition, Sishen-Saldanha line will be at system failure (defined as demand of over 130% of capacity) by 2042 with no additional investments.

Freight Transport Demand: Road, rail, port

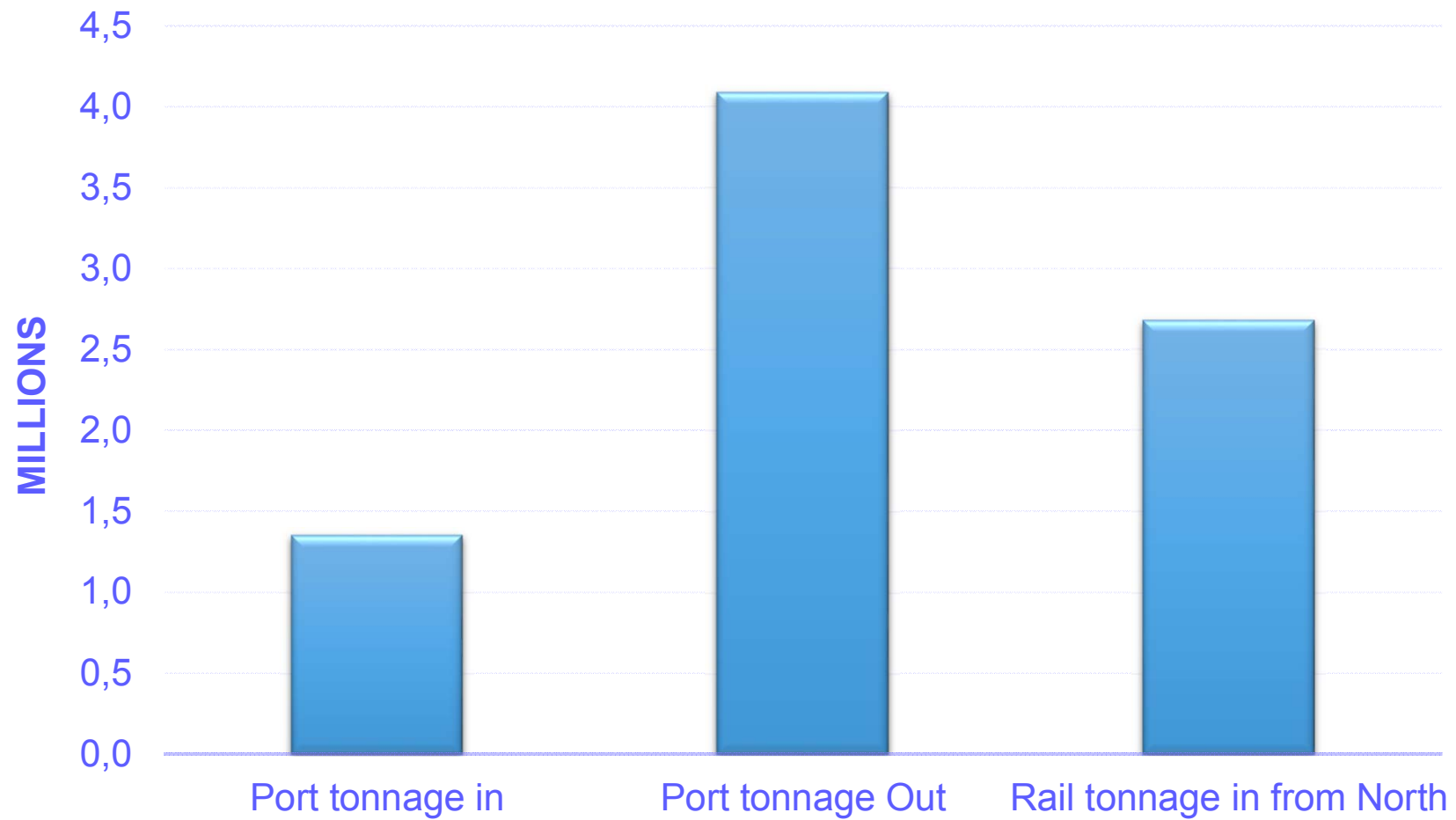
Methodology

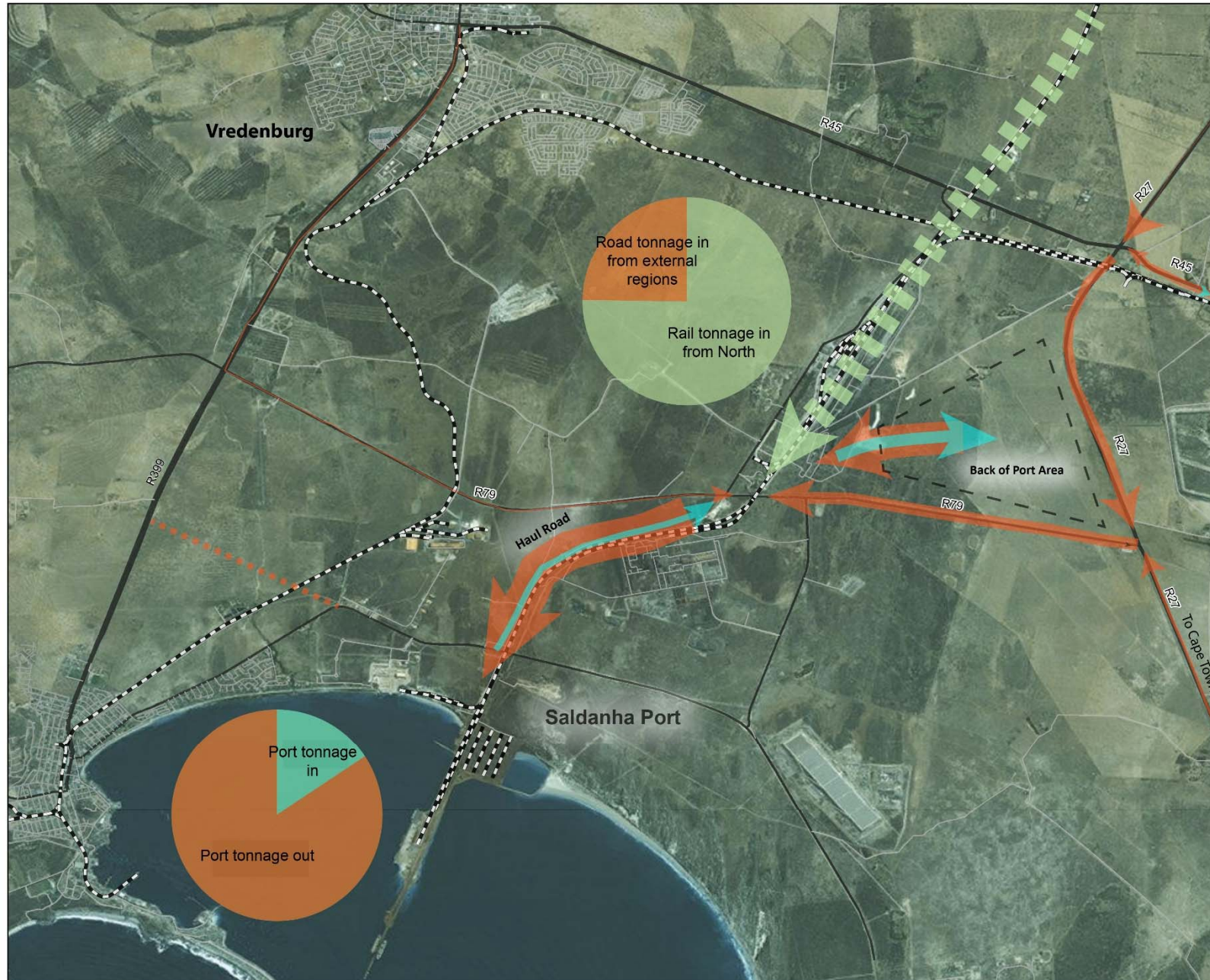
- Allocation of reported tonnages of key inputs and products in and out of Saldanha
- Mapping of tonnages by mode and road segment
- Used maximum tonnages achieved annually due to the industrial projects
- No assessment of workplace demand/passenger transport or traffic assessments

Projected road freight tonnages



Annual freight volumes by rail and sea





Legend

- Rail

Roads

- Other
- Freeway
- Secondary
- Residential

Projected Demand

- = 500 000 TPA Roads Export
- = 500 000 TPA Roads Import
- = 500 000 TPA Rail

West Coast Industrial Plan

Transport Demand

November 2015

1:50 000

0 0.30.6 1.2 1.8 Km's

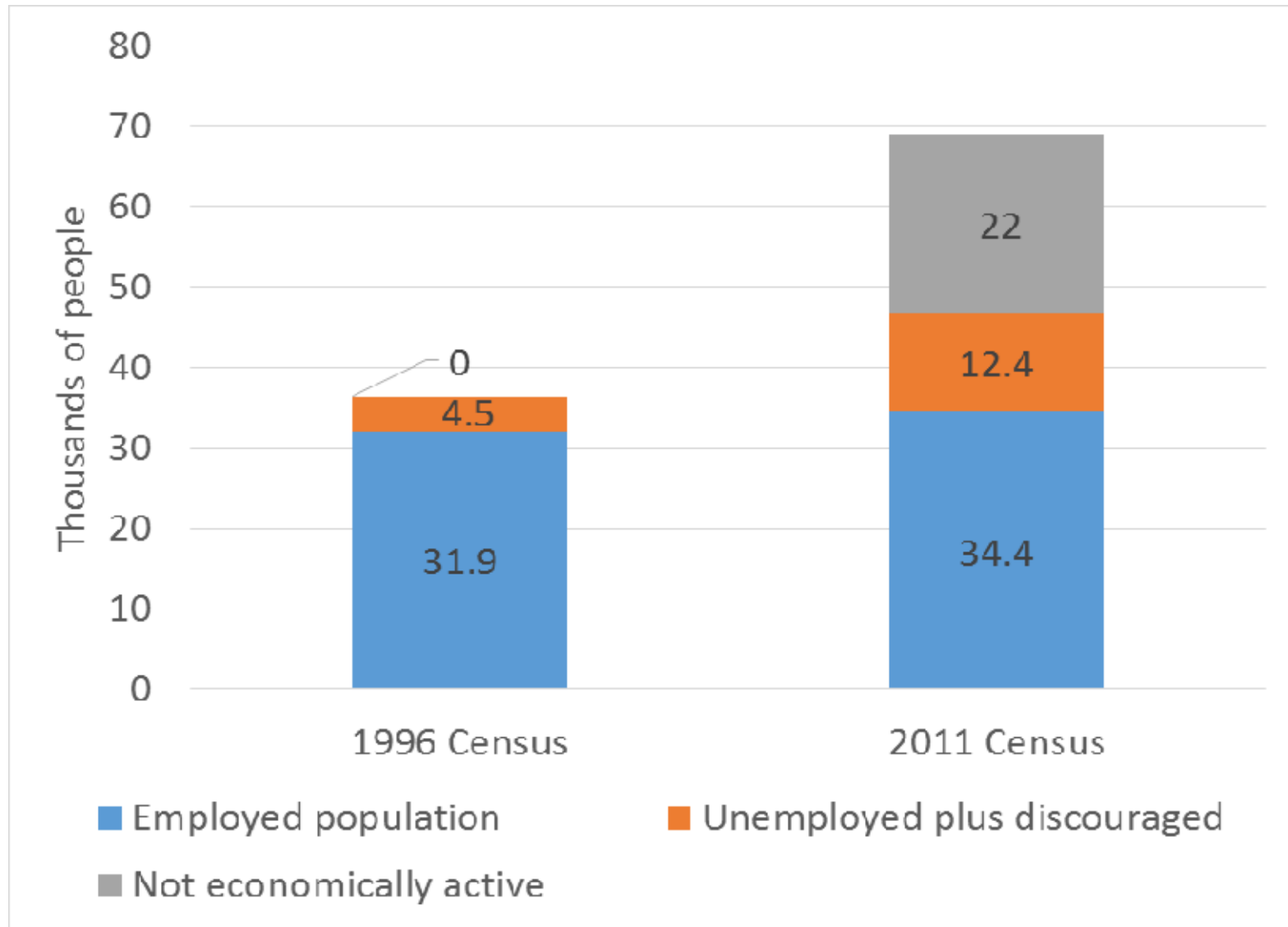
JOBS ANALYSIS

Working age profile between 1996 and 2011

Census

33

Population aged 16 to 65

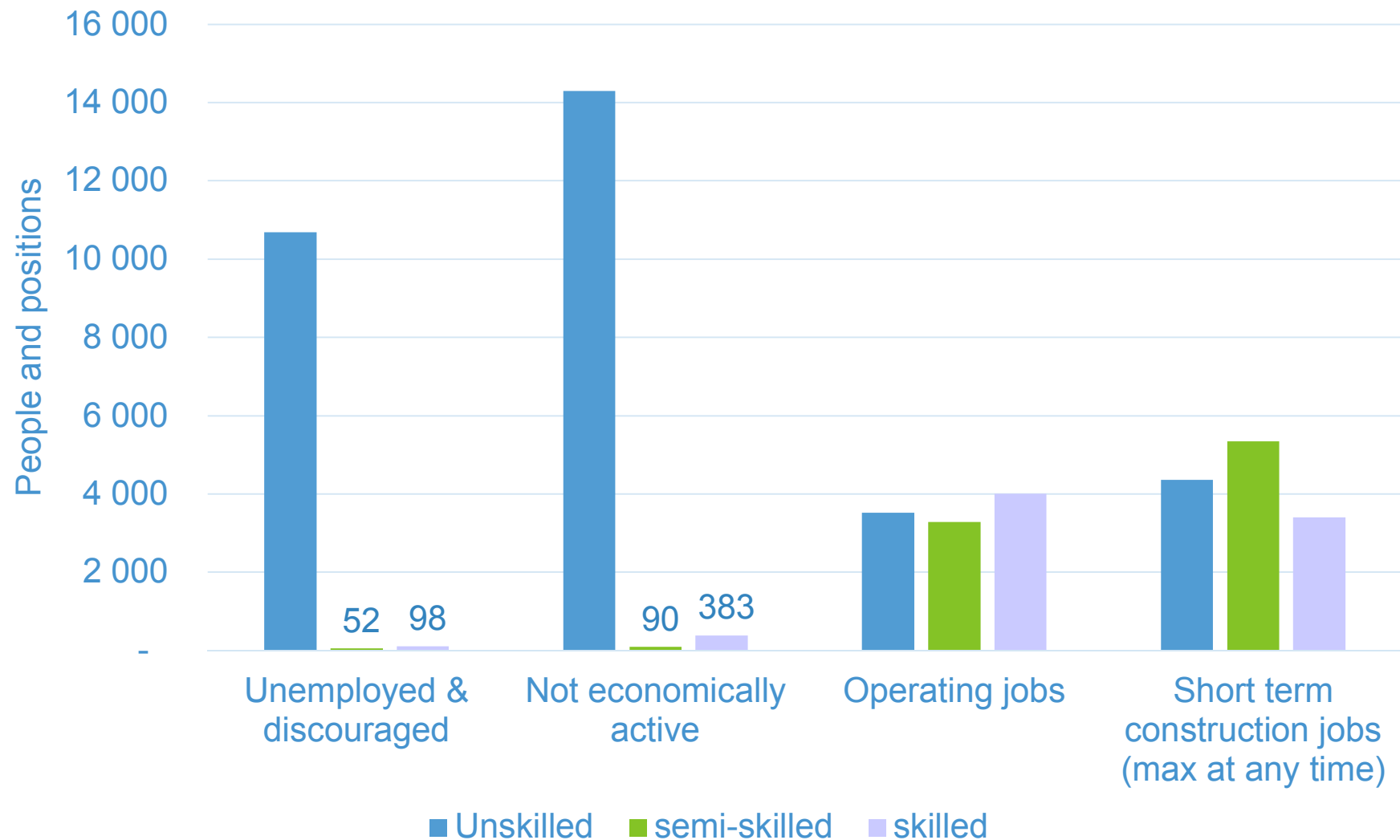


Matching of direct job opportunities to the educational level of the unemployed

- Used Census 2011 data to obtain a profile of the working age population, by employment status, and highest level of education attained.
- Matching of skill level to educational level:
 - Skilled: Post school degree or diploma
 - Semi-skilled: some post matric or school training, but not degree
 - Unskilled: Matric and lower

Matching of potential direct jobs to unemployed skills base

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DEMAND FOR SOCIAL FACILITIES BY 2040

High level Social Facilities analysis

Methodology

- Demographic analysis
 - Based on direct job creation, assuming 1 family per new position
 - PWC population projections for Saldanha LM
- CSIR *Guidelines for the Provision of Social Facilities*:
 - Population and distance thresholds
 - Used standards relevant to each town based on their current (and future) population size: 'Small towns/isolated regional service centres' and 'Villages



Legend

- Schools 5 km Service Area
- Clinics 5 km Service Area
- Library 10 Km Service Area

- Rail
- Arterial Road
- Freeway

Settlement Population (Households)

- 1-500
- 501 - 1000
- 1000 - 1500
- 1501 - 2000
- 2001 - 2500
- 2501 - 3000
- 3001 - 3500
- 3501 - 4000
- 4001 - 4500
- 4501 - 5000

West Coast Industrial Plan

*Social Facilities
Coverage*

November 2015



1:200 000

0 1 2 4 6
Km's

Assumed population growth to 2022

Based on PWC projections and direct job creation

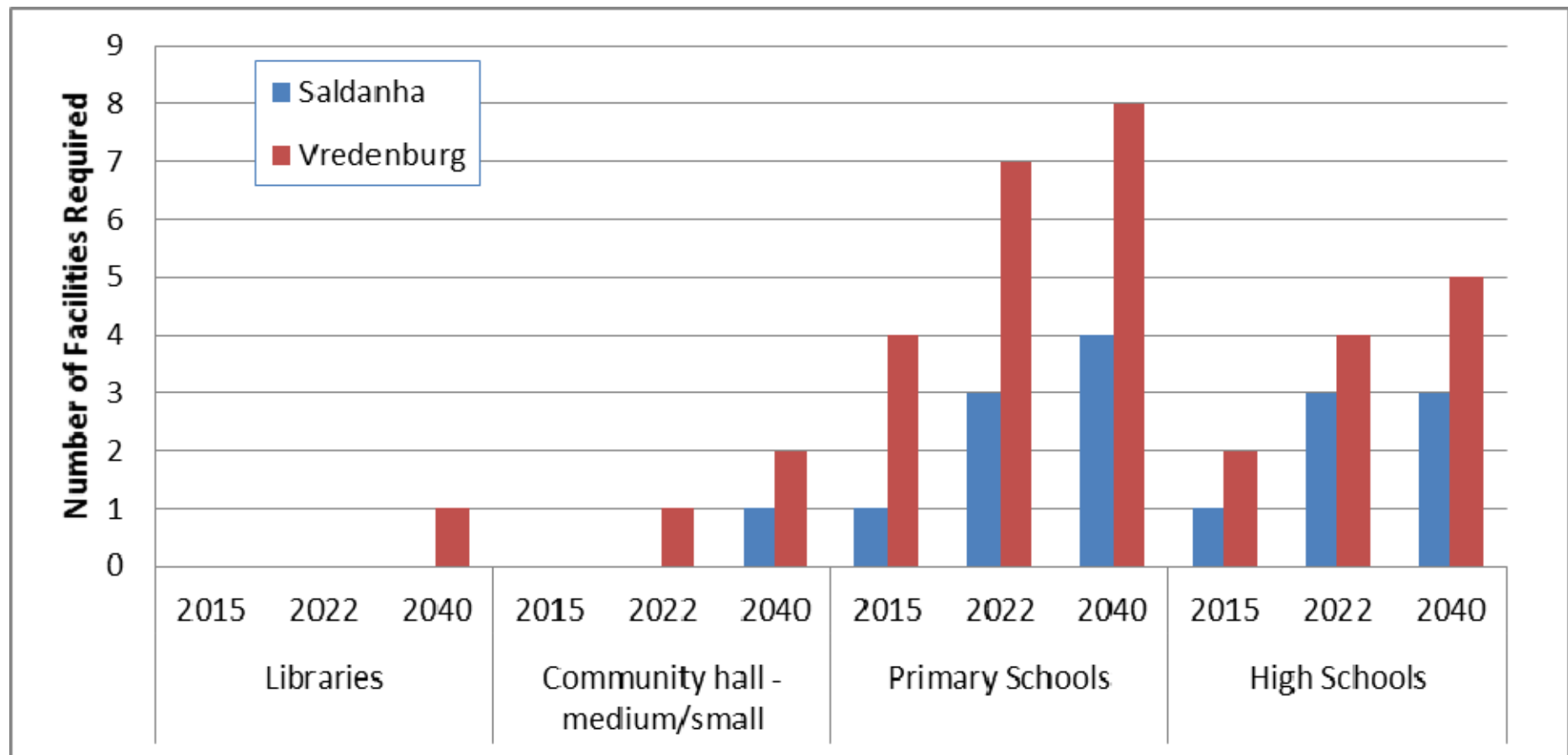
Settlement	Growth Rate per annum (2015 - 2022)	Percentage distribution of municipal population growth per annum
Saldanha	4,4%	37%
Vredenburg	4,4%	50%
St Helena	1,7%	1,1%
Hopefield	1,7%	0,7%
Langebaan	4,4%	11%
Paternoster	1,7%	0,2%
Total	3,45%	100%

Demand for Social facilities

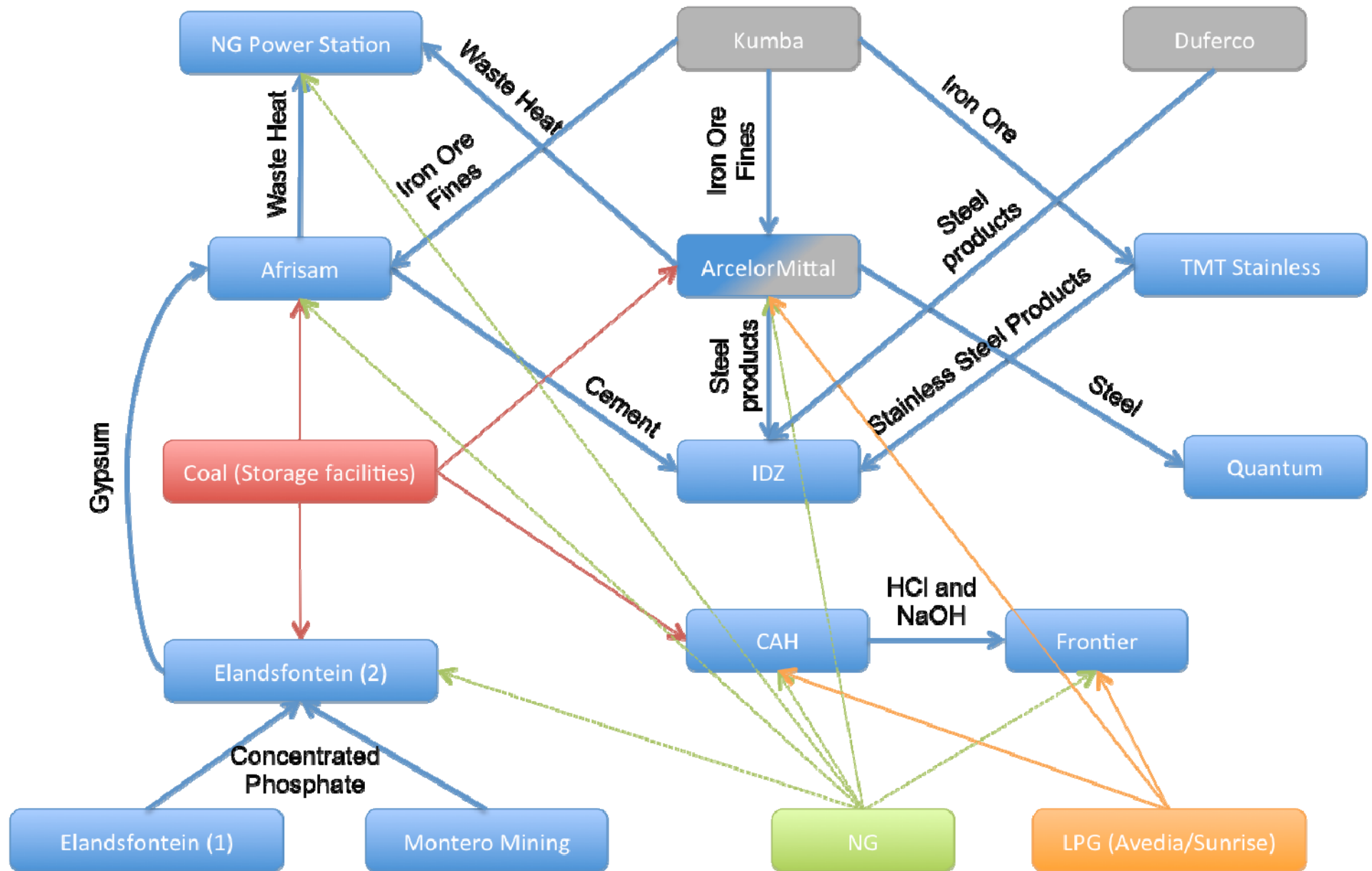
Deficit or surplus based on population

Facility Type	Current		By 2022 (after development of full project list)	
	Saldanha Deficit/ Surplus	Vredenburg Deficit/ Surplus	Saldanha in 2022	Vredenburg in 2022
Libraries	1	1	1	0
Public Assembly (Community hall - medium/small)	2	1	0	-1
Sports (Grassed Surface)	3	3	1	2
Cemeteries	1	5	1	4
Police	0	1	0	1
Clinics	1	2	0	0
Primary Schools	-1	-4	-3	-7
High Schools	-1	-2	-3	-4

Social facilities required to 2040



ADDITIONAL SYNERGIES



PROJECT ASSESSMENT RELATIVE TO THE VISION FOR 2040

Suggested assessment framework (1)

Projects to be evaluated against the 2040 Vision on a qualitative basis			
Yes	Maybe	Neutral	No
2040 Vision for Saldanha		Guiding question	
Thriving, industrial node providing products to both the national and international market		Is there likely to be a market for the product in 2040?	
Locally based ancillary services, which are servicing minerals and manufacturing base		Does the project have servicing needs which can be met through <u>local suppliers</u> ?	
A thriving provincial and national economy		Does the project contribute to increased potential for provincial/national value-add eg. beneficiation at source, eg. Sishen, or are there other potential broader economic spinoffs?	
An internationally recognised oil & gas services sector hub		Does the project contribute to the oil & gas services sector/industrial hub vision?	
Reduced flows of raw minerals exiting through the port compared to 2015, with a higher proportion of intermediate or final products		Does the project provide or support local beneficiation opportunities?	
Locally available LNG has enabled firms to stop using coal as a fuel source, resulting in improved air quality.		Can the project make use of LNG, when available or does the project facilitate the increased local availability of LNG?	
Electricity in the Western Cape is abundant, affordable, and results in 50% lower scope 2 GHG emissions relative to 2015.		Does the project contribute to increased availability of clean, low carbon electricity?	

Suggested assessment framework (2)

Projects to be evaluated against the 2040 Vision on a qualitative basis			
Yes	Maybe	Neutral	No
2040 Vision for Saldanha		Guiding question	
Sustainable, high value aquaculture is present both in and around the Bay, and is managed in coordination with port-activities.		Is the project likely to complement aquaculture in in that it does not jeopardise water quality and utilization potential within the Bay?	
The local economy is robust, and diversified.		Does the project offer a new service or product which has not previously been offered in the area?	
Local air quality is better than in 2015		The project results in improved local air quality	
The permanent community has grown to be able to meet the needs of the local economic base, with only limited needs for skills to be brought in from Cape Town.		Can the bulk of the labour needs of the project be met locally?	
Unemployment is significantly reduced, with jobs which are suited to the locally availability of skills		Can the project reduce local unemployment among the unskilled work-force?	
There is enough affordable, clean water for all, and water use is optimised between with re-use and recycling of different water streams		Does the project use water efficiently?	
There is a supportive and coordinated regulatory environment		Is the current regulatory risk of the project minimal?	
There is a thriving leisure and tourism sector		Does the project have a positive impact on the tourism and leisure sector?	

THANK YOU